



This is a digital copy of a book that was preserved for generations on library shelves before it was carefully scanned by Google as part of a project to make the world's books discoverable online.

It has survived long enough for the copyright to expire and the book to enter the public domain. A public domain book is one that was never subject to copyright or whose legal copyright term has expired. Whether a book is in the public domain may vary country to country. Public domain books are our gateways to the past, representing a wealth of history, culture and knowledge that's often difficult to discover.

Marks, notations and other marginalia present in the original volume will appear in this file - a reminder of this book's long journey from the publisher to a library and finally to you.

Usage guidelines

Google is proud to partner with libraries to digitize public domain materials and make them widely accessible. Public domain books belong to the public and we are merely their custodians. Nevertheless, this work is expensive, so in order to keep providing this resource, we have taken steps to prevent abuse by commercial parties, including placing technical restrictions on automated querying.

We also ask that you:

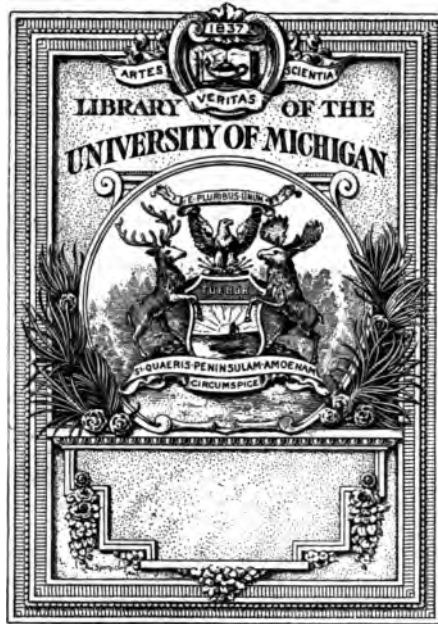
- + *Make non-commercial use of the files* We designed Google Book Search for use by individuals, and we request that you use these files for personal, non-commercial purposes.
- + *Refrain from automated querying* Do not send automated queries of any sort to Google's system: If you are conducting research on machine translation, optical character recognition or other areas where access to a large amount of text is helpful, please contact us. We encourage the use of public domain materials for these purposes and may be able to help.
- + *Maintain attribution* The Google "watermark" you see on each file is essential for informing people about this project and helping them find additional materials through Google Book Search. Please do not remove it.
- + *Keep it legal* Whatever your use, remember that you are responsible for ensuring that what you are doing is legal. Do not assume that just because we believe a book is in the public domain for users in the United States, that the work is also in the public domain for users in other countries. Whether a book is still in copyright varies from country to country, and we can't offer guidance on whether any specific use of any specific book is allowed. Please do not assume that a book's appearance in Google Book Search means it can be used in any manner anywhere in the world. Copyright infringement liability can be quite severe.

About Google Book Search

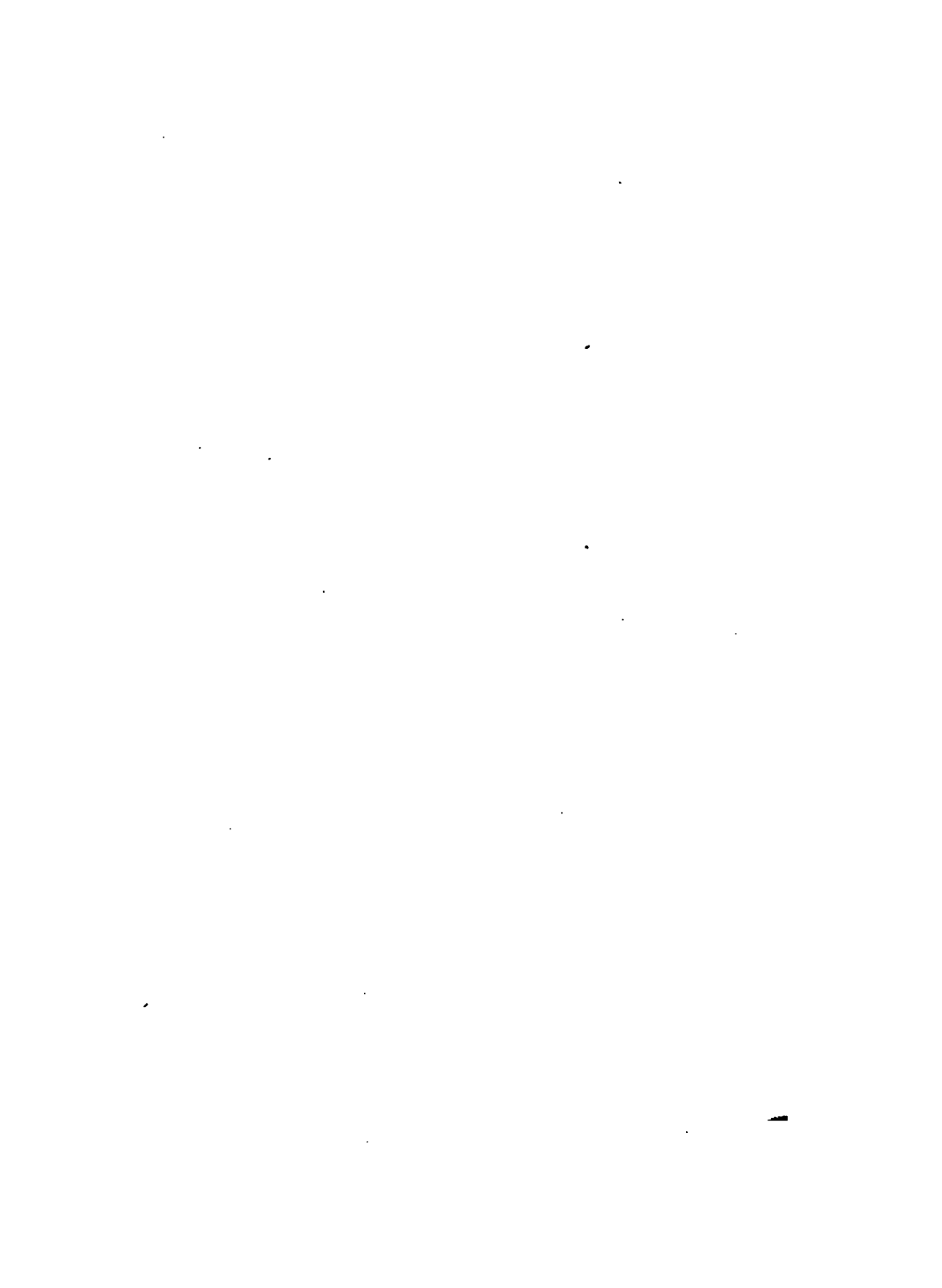
Google's mission is to organize the world's information and to make it universally accessible and useful. Google Book Search helps readers discover the world's books while helping authors and publishers reach new audiences. You can search through the full text of this book on the web at <http://books.google.com/>

A 486438

DUPL



HA
64
TB



1325

The Great Issues

REPRINTS OF SOME EDITORIALS

FROM

THE AMERICAN

1897-1900

WHARTON BARKER

EDITOR AND PUBLISHER

Philadelphia :

No. 119 SOUTH FOURTH STREET

1902

..

COPYRIGHT, 1902, BY WHARTON BARKER.

CONTENTS.

	PAGE
THE DEFENCE AND DEFENDERS OF HUMAN RIGHTS . . .	5
THE INITIATIVE AND REFERENDUM	7
OUR CONSTITUTION—BULWARK OF THE OPPRESSOR NOT OF THE OPPRESSED	18
RAILROAD AS THE MASTER—MAN AS THE SERVANT . . .	32
OUR RAILROADS AS OPPRESSORS OF THE HONEST AND SERVITORS OF THE UNSCRUPULOUS	38
NATIONALIZE THE RAILROADS OR PAUPERIZE THE NATION	52
RAILROAD MONOPOLY	59
DISCRIMINATING AGAINST HOME INDUSTRIES	70
AN ALLEGORY	83
THE ALCHEMIST'S DREAM	98
OUR DAY OF SORROW	108
SHALL MONEY RULE OR MONEY SERVE?	121
MONEY AND POPULISM	132
THE GROWTH AND EVILS OF TRUSTS	142
ANTI-TRUST AMENDMENT TO THE DINGLEY TARIFF, SUGGESTED BY WHARTON BARKER	150
MAMMON IN THE PULPIT, CHRISTIANITY OUTCAST . . .	152
THE CHURCH AND POPULISM	162
CHRISTMAS THOUGHTS	170
POPULISM AND THE GOSPEL OF PEACE	177
WHAT WE STAND FOR	180

OUR PLATFORM	193
LETTER OF ACCEPTANCE	208
TAXING THE POOR, EXEMPTING THE RICH	225
CONSTITUTIONALITY OF THE INCOME TAX	245
THE COURTS INCITING TO RIOT	276
ARE THE RIGHTS OF CAPITAL SUPERIOR TO THE RIGHTS OF MAN?	289
ORGANIZED LABOR'S CRISIS—A SUPREME DANGER AND SUPREME OPPORTUNITY	301
PLUTOCRACY VS. THE PEOPLE	312
THE LABORER AND HIS HIRE	326
OUR CANADIAN RELATIONS	348
OUR SOUTH AMERICAN TRADE	362
TERRITORIAL VS. TRADE EXPANSION	379

The Great Issues.

THE DEFENCE AND DEFENDERS OF HUMAN RIGHTS.

[May 29th, 1897.]

ARE human rights, liberty, to be crushed to earth, that property rights, a moneyed oligarchy, may be enthroned? This is the all-important question before the American people, into which all others are resolved, a question often, too often, lost sight of in consideration of detail, but which, ever present, cannot safely be ignored. To do so is to open the way to the enslavement of our industrial classes, the undermining of the Republic and the building up of an oligarchy.

A generation ago, the nation, in bloody strife, overthrew one oligarchy, the slave-holding oligarchy of the South, an oligarchy as detrimental to master as to slave. At the same time the seeds of a new and more far-reaching oligarchy were sown. The War called into being a new class. It made the opportunity for a class caring less for country than for self, caring naught for the sufferings of humanity, weighing not injustice where their pockets were concerned, caring more for the dictates of Mammon than the teachings of the Saviour of man, to exalt themselves in riches, in power, in the eyes of man but not of God, upon the sacrifices of their fellow-men. The sacrifices cheerfully made by our people to overthrow the oligarchy of slavery, to free the black slave from bondage; the cheerful offering up of life and property on the altar of human rights, the

unmurmuring payment of burdensome taxes, gave evidence of the highest of patriotism. But there were men in the North who saw in the war only a source of profit, men who made no voluntary sacrifice, who offered neither life nor property in defence of their country, who protested against bearing their share of taxation and schemed to throw the whole expense of the war, an expense that they schemed to double or treble, upon those least able to bear it, upon those fighting the nation's battles, filling the nation's purse. These men were the money-lenders, men without sympathy for man or country. And as the sacrifices made by our people were worthy of the highest patriotism, the contemptible effort of these men to profit from such sacrifices, to take advantage of a people in the hour of their direst need, was the foulest of treason.

THE INITIATIVE AND REFERENDUM.

[October 16th, 1897.]

WHY there should be any opposition to the principles of Direct Legislation it is hard to understand. In truth, there is no open opposition of any account, for it would take a courage that is not possessed by the average politician to get up on the stump and tell our people that they are not fitted to govern themselves; that they are not capable of discerning between good laws and bad laws; that they must delegate to politicians the art of governing. The stump speaker who made such assertions would not be a vote winner, and, needless to say, the opponents of direct legislation do not want such speakers on the stump. It would not be politic to employ such speakers, and they are not employed.

So we do not find avowed opposition to direct legislation on the stump. Nor do we find frank opposition in the slavish metropolitan press, controlled by those who purpose that our people should be governed for the profit of the few and the enslavement of the many. Discussion of the principles of direct legislation is shunned, for more is to be gained by silence than discussion. Sometimes it is wiser to hide purposes than to avow them. It is ever wiser when the purposes aimed at are conceived for the profit of the few to the detriment of the many, and when the many must be appealed to in order to carry such purposes into effect.

In order that the masses of our people may be governed for the benefit of the few, it is necessary that the many have no direct hand in their own governing.

It is necessary that the many delegate to representatives the art of governing, and that such representatives should be influenced so as to become the representatives of the few, in order that governing may be carried on for the advantage of rulers, not of ruled, for it is folly to suppose that men, directly governing themselves, would govern themselves knowingly to their own detriment and the profit of others.

So the opposition to direct legislation among those who design to make of our government an instrument for the oppression of the many and the enrichment of the few is an opposition that is covert, for to avow it would be to make it ineffective. In order to promote the governing of our people by the few and for the few, promote legislation that will impoverish and weaken the many but aggrandize the few in riches and power, it is necessary that law-making should be entrusted to representatives, that those representatives should be put more and more out of touch with the people and more in touch with the few, that those representatives should be removed further and further from responsibility to the people, that their doings should be hidden and not subject to review. So we have demand for extended tenure of office, we have opposition to the selection of Senators by popular vote, we have opposition to the selection of Judges other than by appointment, we have above all opposition to the referendum which would make all laws passed by legislative bodies subject to review and reversal by a higher court, the court of the whole people entering verdict through the ballot box.

It is true our people have in an indirect way the power to reverse the acts of their representatives by turning down such representatives when they come up for re-election and selecting new men, pledged to undo the obnoxious acts. But the tendency is to circum-

scribe this power, to put it beyond the power of the people to condemn distasteful acts of their representatives while approving satisfactory acts. In the nature of things the distasteful must be condoned if the satisfactory acts are to be approved, or, *vice versa*, if the distasteful are to be condemned so must be the satisfactory. Representatives must be turned down when they seek re-election or they must be returned. If they are returned their faults are overlooked, there can be no pledge that the obnoxious legislation that they passed will be repealed, indeed a certainty that they will not repeal their own acts. And if they are defeated it is likely that their good works will suffer a tearing down at the hands of their successors along with the bad.

Moreover, in campaigns for re-election some one act of legislation, some one issue will inevitably overtop others and the contest will be decided on that issue. So it happens that the people have the opportunity to pass judgment on that one act, that the opportunity of passing upon other acts, of reversing such minor acts as are not conceived in their interest, is closed to them. So the need of entrusting our people with direct power to reverse the acts of their representatives, of referring to the people, for final judgment, all acts of legislative bodies where such reference is demanded by any considerable body of voters. In no other way can the people exercise effective control over legislation, protect themselves against legislation conceived for the benefit of the few and the injury of the many, and keep a direct hand in their own governing that will enable them to effectively prevent the directing of government in the interest of the few.

We have said that there is little outward opposition to the principles of direct legislation. That there is much covert opposition, and for reasons we have seen,

is undoubted. There is, too, a placid opposition, born of ignorance. It is this opposition that the only true opponents of direct legislation bend their efforts to build up. They build it up by keeping silence, now and then entering a wedge of ridicule and misrepresentation. Thus an unthinking opposition has been built up to direct legislation. We find men dreading the very words initiative and referendum. If they understood the meaning of such words they could not dread them, unless, indeed, they would dread the right of governing themselves, dread the circumscribing of the powers of politicians to direct the government so that the people might have a direct voice in their own governing, for this is what direct legislation means.

We do not want to be harsh, but he who, understanding, opposes direct legislation is no better than a monarchist, for he holds that the people are not fitted to govern themselves, that the few are fitted by divine law to rule; that the many are condemned to be ruled for the benefit of the few by a law equally divine. This is the law of kings; it is not the law of democracy. It does not breathe the spirit of our Declaration of Independence; he who holds it is false to our theory of government, a worthy monarchist, but an unworthy republican.

The United States was the first great republic founded on representative government. It was the first great attempt of a people to rule themselves through representatives. It was in a manner an experiment. There had been, indeed, republics, but they were not such as a great republic, covering a vast territory, could be fashioned after. In ancient Greece there were republics, but the Grecian republics were not representative governments. The suffrage in those republics, the citizenship, was limited, so limited, indeed, as to, in some cases, constitute almost an oli-

garchy. But those who were citizens and lorded it over their numerous slaves did not delegate the art of governing to anyone. Every man entitled to the rights of citizenship took, or could take, direct part in governing, in the making of laws. The laws, the policies of the republics were voted by the whole people, the right of making laws was not delegated to representatives. Then there was government by the people and for the people, that is, the people who were not slaves and who did not count; the citizens, and every citizen, had a voice in the making of every law; then only such laws were enacted as a majority of the people desired, then no act not approved by a majority of the citizens stood a chance of adoption. Barring the disfranchisement of many men, the holding of many men as slaves, driven to toil for the profit of the few, those were ideal republics. The people governed themselves.

But such republics were small. It was possible for all the citizens to meet in assembly and discuss the public weal. On the larger theatre of the American continent this was impossible. So our fathers could not copy after such republics, such republics could not be followed after in the making of our national constitution. So the representative form of government was followed of necessity in the making of our Nation as it had been followed by the builders of the thirteen colonies. The form of government was not as representative as it could have been made, it was not as representative as it has since become. In the beginning of our federal government the House of Representatives was the only branch of the government directly representative of the people. The government was divided into three branches, legislative, executive and judicial, and only one-half of the first branch was directly responsible to the people. The other half of the legislative branch, the Senate, was chosen by the

State legislatures; the executive, the President, was chosen by electors chosen in greater part by the State legislatures; the judges were selected by and responsible to the executive. Gradually the choosing of the President through the medium of electors fell into a mere form, though several States, down to the war, South Carolina even since the war, chose presidential electors not by popular vote, but by vote of their legislatures. But now the President is practically voted for directly by the people of all the States, and South Carolina, long backward, has gone in advance of her sisters, and now practically chooses her United States Senators by popular vote, the legislature being required to register the verdict of the people by electing to the Senate the man picked out by the vote of the people. But in the rest of our States Senators are still chosen at second hand, not by the vote of the people, but by the State legislatures.

So for a time the tendency has been to make our form of government more representative, to bring our representatives into closer touch with the people, that they might more closely register the people's wishes. But it must be admitted that there is powerful opposition to further change in this direction, an opposition coming from men who design that the country should be governed for their self-interest, and who know that the further representatives may be removed from the people the easier it must be to control them, and naturally such men are opposed to direct legislation by the people, for they cannot hope to direct government in the interest of the few when the many do their own governing. To influence representatives to sacrifice the interests of their constituents is possible, to influence governed to sacrifice their own interests when governing themselves is next to impossible. It must, indeed, ever be possible to blind

men to their true interests for a time and so prevail upon them, even when governing themselves, to sacrifice their interests, but they cannot be influenced to do so knowingly, or prevented, if they had the power of direct legislation, from undoing an injury unwittingly done themselves.

In the small towns of New England we see the people governing themselves in local matters, passing their own local laws, voting their own local improvements, voting taxes and the expenditure of money. All this they do in town meeting, and not through representatives. Thus we have the people deciding for themselves what is good for them in matters of local government and what is not, and not delegating this decision to representatives. And now we ask, Are the liberties of those people threatened, are their affairs mismanaged because they manage them themselves? If not, direct legislation applied to the government of the nation could not be subversive of good government.

No one who believes the people are fitted to govern themselves, capable of discerning what laws are good and what bad, can honestly oppose direct legislation, which means nothing less than government by and for the people. It is obvious that in the broad sphere of the nation we cannot have direct legislation as it is had in the New England towns. The people of the United States cannot meet in town meeting to discuss and then decide on the conduct of the affairs of the nation. So they must delegate representatives to meet where the whole people cannot meet, to act when there is not time for the whole people to act. But the whole people can discuss together the affairs of the nation even if they cannot meet together, for the telegraph brings them together in point of time and thought, and just as they can intelligently discuss the affairs of the nation even as they could if meeting together, so they are

fitted to decide what will promote, what retard, the weal of the whole country. And so fitted, they are fitted to have the right to directly supervise the acts of their representatives, to veto any act passed by their legislators that they dislike, to enact any law over the heads of their representatives that their representatives, influenced by the rich and powerful, refuse to enact in response to popular demand.

And these rights are not fully conserved through representative government, for representatives, as all men, are amenable to influences at the command of wealth and might, and when separated from their constituents are prone to put the demands of their new surroundings ahead of the rights of those whom they ought to represent, are prone to succumb to the blandishments of surroundings and become the representatives of the moneyed interests rather than of the interests of the people. So comes the question: How to conserve to the people their rights to reverse the acts of their representatives or pass acts over the heads of their representatives, and so preserve the right of governing themselves? The answer is direct legislation. But how in a great country, where men cannot meet together, discuss and act together face to face, can we have direct legislation? The answer is through the initiative and referendum. And what is the meaning of these words that should be familiar to everyone, but are not because the public press, controlled by a moneyed oligarchy, takes pains to hide their meaning, for familiarity with the terms would mean adoption of the principles?

The referendum is not novel. We have it in practice. We only need to extend it and systematize it so that the people may call it into operation to veto any obnoxious law. Referendum means simply referring to the people for final judgment. The national Con-

stitution, nearly all our State constitutions were referred to the people for approval or rejection, and being approved by popular vote they have greater force than mere statute laws, they have the force of the referendum. And, as it was with the original drafts of the constitutions, amendments are subject to the referendum, only have the force of law after the approval of popular vote.

So, also, do we often refer to the people questions of increased indebtedness. We are to have a referendum in Philadelphia upon the question of an increase of public debt at the coming election. Select Council has also voted to refer the proposition to lease the city gas works to the people. This again is the referendum.

We repeat, the referendum is not novel in our government. The trouble is that it is alone possible for politicians to appeal to it, that the people cannot. To put it in the power of the people to appeal to the referendum, and so reverse obnoxious laws of legislative bodies, is the present need. And how can this be done, how is it proposed that it should be done? Simply that the right be conferred upon any considerable body of voters, say 5 per cent. of the body of registered voters, to demand by petition the submission of any act of legislation to popular vote, such act to fall unless upon the popular vote so demanded, a majority voting approve it. Thus it would be put in the power of the people to reject obnoxious laws, be impossible for conscienceless city councilmen, or State legislators—aye, national Congressmen—to sacrifice the interests of the people despite protest.

And now as to the initiative: how could this be worked? We are told it is impossible for the people to frame their own laws, that they must employ skilled law makers. But suppose this is so, how does it interfere with the principle of the initiative in legislation?

The people desiring legislation that their representatives refused to enact, would, under the initiative, frame the act desired; it would be the work of skilled not unskilled hands, hands employed if necessary, and it would be required that upon petition of a certain recognized number of voters, the act so framed should be submitted to a popular vote. If approved, it would become the law of the land, a law that could only be repealed as it was enacted, namely, by popular vote. Of course, the repeal of laws already on our statute books could be accomplished in the same way and thus the people be given control over their own law making.

Such is the initiative and referendum. It should be applied to states and nation alike. The adoption of the system would not require of necessity constitutional amendments, federal or state, though adoption by constitutional amendment would be best. Constitutional requirements could be gotten over by keeping to the form, as South Carolina has gotten over constitutional requirements prescribing the election of Senators of the United States by the legislatures of the states. And so could the initiative and referendum be put in practical operation in the nation by Congress passing a resolution pledging itself to pass all laws subject to popular approval at the ballot box, and to submit to a popular vote any legislation initiated by the people and abide by the popular vote on such legislation by enacting into law any act thus receiving popular approval. But such act of Congress giving practical effect to the initiative and referendum would only have a moral force on Congressmen. It would ever be in their power to repeal such law. Congressmen wishing its repeal would only be held to it by inability to muster sufficient courage to meet a storm of popular disapprobation. Therefore the preference for constitutional

amendment in putting into effect the initiative and referendum.

In conclusion, we have but to repeat that direct legislation must come, for only an understanding of what is meant by initiative and referendum is needed to win approval from all but monarchists. Those who believe in government of, by and for the people, who believe that the people are fitted to govern themselves, capable of discerning that which is good for them and that which is not, must approve.

OUR CONSTITUTION—BULWARK OF THE OPPRESSOR NOT OF THE OPPRESSED.

[November 19th, 1898.]

AS set forth in the preamble to our National Constitution, that instrument was framed to the end that the people of the United States, by forming a more perfect union, might better provide for their general welfare and preserve to themselves and their posterity the blessings of liberty. With such high aim, as a solemn compact between the people of the States that had just won their independence of Great Britain to preserve their dearly won liberties, as the bulwark of the oppressed, the Constitution was framed. But to give to that pledge mutually made between the States to secure and preserve to one another their independence and to their inhabitants their liberties, the enjoyment of the inalienable rights of man as proclaimed in our Declaration of Independence—to give to that pledge a greater sacredness than could be given by the act of any men exercising merely delegated power, and because of such power undertaking to speak and act for the people of their States and form a compact binding upon such people, the Constitution, framed by the convention that met in Philadelphia in the summer of 1787, was referred to the people of the different States to become operative only when ratified by them, so that the adoption of the Constitution should be the act of the people, not merely of their delegates, so that this solemn compact when made should be approved by the people and not merely approved on their behalf by their representatives. True,

the Constitution was not nominally directly voted upon by the people. But practically it was. Thus, under the manner of procedure laid down by the constitutional convention the States called conventions of their own to decide upon the question of ratification. And in electing delegates to such conventions, in choosing between men pledged to vote for ratification and men pledged to oppose, the people were to all intents and purposes offered the opportunity of voting for or against ratification.

Being thus adopted the Constitution became fundamental law, and where any law passed by Congress clashes with the provisions of the Constitution such law falls, for where there is a clash, an act passed upon and approved by the people must be held as more nearly reflecting the views of the people than an act passed by their representatives, for often representatives misrepresent. Thus it was deemed that if the representatives of the people should at any time betray the trust reposed in them and for self gain do the bidding of the oppressors of mankind, that the Constitution would be the bulwark of the oppressed, that under the constitutional provisions the acts of the faithless legislators, legislators faithless to the interests of the many, serving the interests of the few, sacrificing the interests of the multitude, making the welfare of the people's oppressors, of those who, imbued with monarchical notions, trample upon justice and equity and right, dearer than the welfare of the people, would be declared null and void. And the obligation of so declaring was reposed in a Supreme Court created in a way that was hoped would put it above the passions of party, and, by insuring to the judges life tenure of office and salaries giving them ability to command all the material comforts that a God-fearing man and judge should want, would place them above the power


of the tempter. Indeed the careful division made by the framers of the Constitution between the powers conferred upon the national legislature, executive and judiciary, was made solely with a view of safeguarding the interests of the people, their rights, their liberties, and the checks over Congress given to the judiciary were solely aimed to prevent a Congress, faithless to the people, from alienating their birthright, sacrificing their liberties, enthroning the oppressors of the multitude.

Such was the unquestionable purpose of the framers of our Constitution, such was unquestionably the purpose of the people of the United States when they adopted it and made it their fundamental law, law to preserve to themselves and their posterity the blessings of liberty, law that no faithless Congress could undo. But unfortunately in interpreting the Constitution the Supreme Court has not always borne this in mind, has forgotten that its provisions were framed with a view to preserving to our people their liberties, as a bulwark for the oppressed. As a consequence the Constitution has been so twisted that it has come to be looked upon as a bulwark sheltering those who encroach upon the liberties of our people, sheltering the few who are aggrandizing themselves at the expense of the multitude by trampling upon the rights of the many, rather than as a bulwark affording protection to the many from such encroachments. And so is the word of the Constitution more often appealed to for the protection of special privileges than for the upholding of equal rights and opportunities. So twisted from its purpose has the Constitution been that those whose rights are trampled upon, whose liberties are encroached upon, look not to that revered instrument for protection, but rather look upon it as a hindrance to their protecting themselves. To preserve the liberties of our people

was the Constitution framed; to deny such liberties, to deny to the people the power of justly taxing themselves, of governing themselves according to the rules of justice and equity and so as to best promote the general welfare and preserve to themselves and their posterity the blessings of liberty, do we find it used.

Thus a serious question presents itself. We see the Constitution used to destroy our liberties; shall we destroy the Constitution or restore it so that it may be made the bulwark of our liberties? And to destroy means to destroy the nation, undo the work of our forefathers, who sacrificed so much to build a nation upon the foundations of liberty, a nation in which the rule of right, not of might, would be recognized, a nation in which men might enjoy the blessings conferred upon them by their Creator free from the tainted hands of the oppressors of mankind. Therefore we must restore, make sacrifices to restore the work of our forefathers, carry out their high aims, make of our Constitution that which it was intended to be, the bulwark of liberty.

When our forefathers made the Constitution fundamental law they had a lurking fear that our people would at times let their passions get the better of their judgment, and that under the stress of such passion they would, if unrestrained, do things that they would afterwards much regret. So, in the fear that the people, in moments of national enthusiasm and passion, might be led to compromise their own liberties, the framers of our Constitution, though not denying the right of the people and their posterity to change the fundamental law and govern themselves as they saw fit, put blocks and hindrances in the way of changing the fundamental law calculated to delay the making of any change until the passions might cool off and the advisability of making the change be calmly considered. In



short, it was aimed to make the people deliberate long and deep. What is more, so fearful were our forefathers that we, their posterity, might compromise ourselves that they made it impossible to change the fundamental law until the majority of the people in three-fourths of the States should be convinced of the desirability of such change. And in thus striving to keep their posterity in leading-strings even after they were gone, our forefathers, though doubtless impelled by an excess of parental affection, did us a wrong.

To make the Constitution, approved by the people, superior to any law passed by Congress on behalf of the people, and to declare that any law passed by Congress that might clash with such fundamental law should be considered void, was eminently proper, for, as we have said, that which is done by the people must be considered as more closely reflecting their wishes than that which is done by their representatives, by Congress on their behalf. But to make that fundamental law difficult of change was a wrong which is not unlikely to cause us an infinitude of trouble in the near future.

We would not for a moment advocate the giving to Congress of the right to disregard the fundamental law, the making of that which is done by the representatives of the people superior to that which is done by the people themselves. For surely if all authority is derived from the people the nearer we approach to the fountain source in the making of laws the more sacred must those laws be considered, and when we take laws right from the fountain source, most sacred of all, and hence to be observed above all others. But that which the people have done they have the right to undo, and the undoing should be made easy for them, not difficult. In other words, the changing of old fundamental law, the making of new, of law unchangeable

by Congress, changeable only by the people themselves should be made easy. Then the fundamental law would at all times closely reflect the views of the people, then it would be eminently just to consider such law directly approved by the people as superior to law approved on behalf of the people by their representatives, for whatever the people do themselves it is proper to consider they desire done, but it is not proper to conclude that the people desire done whatever their representatives do on their behalf, for the material interests of representatives are often other than the interests of the people who choose them. And in that event representatives will be strongly inclined to serve other interests than those they are chosen to protect. Moreover, representatives with the best of intentions may misinterpret the wishes of those who choose them.

But when the fundamental law is difficult to change it may well happen that the acts of Congress, of the people's representatives, may much more closely reflect the wishes, the desires of the people, than that law. And then when such acts of Congress come in conflict with the fundamental law, and are as a consequence declared by the courts of the land to be null and void, that fundamental law defeats the will of the people. And so it is that we now find our Constitution used to defeat the will of the people, used to destroy their liberties rather than preserve them, used to defeat justice and equality, not to promote them; for the Constitution, the fundamental law of the land, has been so interpreted by the Supreme Court that in many things it is not just law, and it is so difficult to change that the people are hindered from making it just.

But the people can restore the Constitution so that it will be the instrument of justice and equality and liberty as it was of old, and as it was intended to be,


for the people made the Constitution and what the people made they can change. True, our forefathers in adopting the Constitution so tied our hands by constitutional restrictions as to make it difficult to change, make it necessary to convince a majority of the people in three-fourths of our States of the desirability of any change before such change can be made by constitutional means. But change the Constitution our people can, and in one respect they must change it if fundamental law is not going to fall into disrepute, and be regarded as the law of monopoly and the few, not the law of the people, as it is in theory and as it ought to be in fact.

This change is to make it easy for the people to change and make fundamental law, make laws that derived directly from the fountain source of all law as the Constitution—namely, the people—shall be equal to the Constitution and cannot be held unconstitutional and so rendered void. Give this right to the people that they can make their voice heeded, that the voice of the people may take precedence over all statute law and their will be done, and then fundamental law will be respected above all other, for that law will honestly reflect the people's will. To effect this we have simply to provide that the people shall have the right to vote on any laws passed by Congress that there may be a desire to have put to popular vote as shown by petition of a small but respectable percentage of electors, and that the people shall further have the right to propose laws by petition to be voted upon and that laws so referred to the people, and approved by them, whether initiated by Congress or initiated by the people, shall not be declared void by the Supreme Court as unconstitutional, for such laws being approved directly by the people, and equal in source to the Constitution itself, of right ought to be considered

fundamental laws subject to revision by no power save the power that gave them birth—the people. This done and no longer could the cry be raised that this thing and that cannot be done because unconstitutional, for that which the people really desired they could make constitutional without material trouble or delay.

We now meet in Congress opposition to measures conducive to the general welfare on the ground that such measures are not constitutional. Thus do Congressmen wrap around themselves the folds of the Constitution in opposing measures of obvious justice and equity. It is proposed to distribute the taxes equitably and so that they will fall with like burden upon the dollars of all men, so that the dollars of the rich shall be taxed in the same proportion as the dollars of our poorer citizens, and we are met with opposition on the ground that such proposals are unconstitutional. Thus in the present Congress have we seen income tax and tax on the gross earnings of corporations successfully opposed, thus have we seen inheritance tax opposed, but without avail. Thus is it ever when it is proposed to release the poorer of our citizens from the unjust burden of taxation resting upon them by taxing the wealthier according to their equitable share; thus is it ever when it is proposed to take away the special privileges that are at the foundation of great fortunes, when it is proposed to protect the masses of the people against the exactions and encroachments of the moneyed cliques.

Ever are we met with the objection that measures conceived in the interest of the masses, urged in the name of equity and justice, are unconstitutional. We heard such objections to the issue of greenbacks during the war of 1861-65 and after. The Supreme Court overthrew such objections, but we may hear them



again, and the court may reverse its position as it did on the income tax question and sustain such objections. So have we heard a system of just taxation—a system conceived, imperfectly, it is true, on the principle of taxing the dollar and not the man—objected to as unconstitutional, and though such objection was once set aside later sustained. So also may we expect objections to be raised to the government taking over our railroads, to the end that discrimination may cease and equality of opportunity be restored; so may we expect objections to be raised to everything conceived with the view of taking away from the favored few special privileges and restoring an equality of opportunity to all men.

A measure of obvious justice is now proposed in Congress, and meets with opposition. Such a law, it is urged, ought to be passed, that it would be conducive to the general welfare, that it would benefit the people. And the rejoinder is, "Oh, it is unconstitutional, and we cannot do it." The law may be conceived, indeed, to promote the very things that the Constitution was framed to secure to our people, may be aimed as was our Constitution to promote the general welfare and preserve the blessings of liberty, but still it is declared that it would be unconstitutional—so twisted from its sound bearings has been our Constitution.

How it would silence such objectors if the advocates of such measures of justice and equity could arise in their seats in Congress, and say that inasmuch as the question of constitutionality had been raised they would put such legislation on a different basis, pass it with the proviso that it should be referred to the people to become operative only when ratified by them, that if approved by the people it would become law as part of the fundamental law of the nation, and thereby

all questions of its constitutionality be set at rest. True, those who object to measures on the ground of unconstitutionality are invariably opposed to such measures on principle. It is not that they believe them unconstitutional that they oppose, but because they dislike them on the ground of being antagonistic to the class interests that they have chosen to serve, and they simply raise the question of constitutionality as a convenient base from which to make opposition without disclosing themselves in all their nakedness as the defenders of special privileges.

It is seldom indeed that Congressmen sincerely desirous of passing some new legislation cannot reason to their own satisfaction that such legislation is constitutional, but it is equally as seldom that any legislation that is in any way a new departure is not combatted on the ground that it is unconstitutional by those who do not approve of it, who feel it would hurt the interests of those they serve and who dislike it. And so has it come to pass that the Constitution has been made more use of to shelter the oppressors of mankind, shelter iniquities and injustice, than to protect our people in the enjoyment of their rights and liberties. And so has the fundamental law of the land been brought into discredit, for instead of serving to secure to the people the doing of their will, it has been used to prevent their will from being done.

To remedy this we must make the fundamental law in fact what in theory it is—namely, the basic expression of the will of the people; must amend the Constitution so as to make it in effect what it was intended to be, the bulwark of our liberties. And to this end we need but add one single amendment to the Constitution, one that shall declare that the will of the people shall be observed; that whatever the people say is law, shall be law anything to the contrary in the Constitu-

tion notwithstanding; that shall read that a law passed upon and approved by a direct vote of the people shall be considered fundamental law, and being fundamental law shall not be subject to nullification by a decision of the Supreme Court declaring it unconstitutional, that Congress may, at its discretion, pass any law with the proviso that it shall be referred to the people and not become operative unless approved by them, in which event it shall become operative not alone with the force of statute law, but with the force of fundamental law, and further providing that upon petition signed by qualified electors to the number of say 1 per cent. of the votes cast at the last preceding congressional election, any measure passed by Congress shall be laid before the people that they may vote upon it, that if approved it shall have the force of fundamental law, that if rejected it shall fall, and that whenever a like percentage of the people may by petition propose a law the law thus initiated shall be laid before the people for their approval, and, if approved, shall be considered part of the fundamental law of the land.

Such is the amendment needed to restore our Constitution as the bulwark of our liberties, to which amendment, and with a view to closing the door to any possible misunderstanding of its scope, might properly be added the further proviso that a law passed by the people shall only be repealed by the people, that Congress shall not have the power to repeal a law passed by a power superior to itself, to undo that which a power from which it derives its own authority has done.

It being imperative to amend the Constitution in this way in order that the reverence for that instrument, as the bulwark of the oppressed, may not be lost, the question is: How to set about it? And, as we have

said, the framers of the Constitution made it somewhat difficult to amend, providing that it can only be amended with the approval of three-fourths of the States. Now this does not mean of necessity that an amendment to become operative must meet with the approval of three-fourths of the people of the United States or even with the approval of the majority, but merely that the majority of the people of three-fourths of the States, who might readily be a minority of the whole, and they speaking not directly but through their representative assemblies, shall approve. In short, it is conceivable that the thirty-four states of smallest population might force an amendment to the Constitution in face of the opposition of the eleven States of greatest population, and though the population of the latter eleven States is larger in the aggregate than that of the former thirty-four. That it should thus be in the power of a minority of the people to change the Constitution is but one of the outgrowths of the compromise that the framers of the Constitution found themselves obliged to make in order to bring the small and large States together into a compact union. But all this is a hypothesis resting upon little basis of probability, and that is hardly worth our while to consider, for practically the requirement that three-fourths of the States approve a proposed constitutional amendment before it becomes obligatory, is tantamount to a requirement that considerably more than a majority of our people approve. And therefore it is that the amending of the Constitution is somewhat difficult.

But the task being somewhat difficult is all the more reason that we should set about it. And there are just two ways provided by the Constitution in which we can set about it. One of these depends on Congressional initiative, and in this way we can accomplish lit-

tle in the desired direction in the immediate future. Indeed, it is doubtful if Congressional initiative could be secured even after the elections of 1900, and though those elections resulted in a signal victory for those who believe in government of, by and for the people, hence in the initiative and referendum and in restoring the Constitution as a bulwark against oppression, for it is provided that Congress can only initiate a constitutional amendment by a two-thirds vote of both houses. And unless hold-over Republican and Democratic Senators could be convinced of the propriety of such amendment as proposed, the securing of a two-thirds vote in the Senate for such amendment during the sessions of the Fifty-seventh Congress is quite out of the question, however great a landslide there may be away from the plutocracy-ridden Republican and Democratic parties.

Therefore we are well-nigh shut off from the hope of securing the desired amendment of the Constitution through the initiative of Congress. So we turn to the other way for amending the Constitution provided by the Constitution. This other way places the initiative upon the State legislatures. On the application of the legislatures of two-thirds of the several States, reads the Constitution, Congress shall call a convention to put in form the Constitutional amendments desired by the petitioning States for submission to the people of all the States, acting either through their legislatures or specially called conventions as Congress may provide, which amendments, it is provided, shall be considered binding if ratified by three-fourths of the States. In this way can the Constitution be amended despite a hostile Senate, and wherever there is in a State legislature a member believing in government by the people he can profitably put in some time in urging upon the legislature of which he is a member the mak-

ing of such application. Even though his arguments fall on deaf ears, his pleadings upon unresponsive hearts and his labors bear no immediate results, they will not be fruitless if they serve to put the several legislatures on record and make the question of Constitutional amendment, the question of giving recognition to the system of the initiative and referendum, the question of giving the people power to see that their will shall be done, their voice be heeded, one of public discussion.

In Switzerland the people enjoy what is known as the imperative petition. That is, when a certain percentage of the voters petition the national assembly that body is obliged to respond by framing a law of the character demanded by the petitioners for submission to the people. Then if a majority of the Swiss people approve, the law so framed and really initiated by petition becomes operative. Now it is much this same power of imperative petition that our State legislatures have in regard to proposing amendments to the Constitution. When the legislatures of two-thirds of the States petition for a change it is imperative upon Congress to call a constitutional convention to formulate such change for submission to the several States, when if ratified by three-fourths of them it becomes operative.

We urge State legislatures believing in rule by the people to frame such petitions, and thus pave the way for an amendment of the Constitution after the elections of 1900 that will re-establish our Constitution as the bulwark of the oppressed. Time taken by the forelock now will be time saved a year hence, when all delays in effecting the desired amendment, and unavoidable because of the necessity of working through the somewhat cumbersome machinery of amendment, may be exasperating in the extreme.

RAILROAD AS THE MASTER—MAN AS THE SERVANT.

[January 1st, 1898.]

BACK in the first decades of this century the building of great works of internal communication, of common paths of trade and commerce to be open to the use of all men alike was undertaken under the guiding hand of the national government. The building of roads to promote the interchange of the products of men's labor and so weld together the people of the east and west with bands of common interest was judged to be a function rightly falling to the national government, and so we had extensive plans of internal improvement mapped out by the United States Government, we had some great post roads built, we had many other roads and many canals contemplated. The national government was fairly started on the course of supplying our people with ways and means of communication, national roads and waterways that would be open to all men on like terms without preference or prejudice. The opening of these channels of communication on other terms was not dreamed of, the possibility of the ways of communication ever being opened to use on other terms than those of exact equality would have been scouted.

But unfortunately the policy of national construction and ownership of the means of internal communication thus so happily and naturally inaugurated was made a party question. So when there came an overturn of parties there came a relaxation in this policy. The national government ceased to push the contem-

plated works of internal development. And as the nation dropped these works the States took them up. Thus State construction and ownership of the ways and means of communication came to supplant national ownership. We had an era of the building of State roads, of turnpikes and canals.

While this construction was under way there came the practical application of steam to locomotive machinery that was to revolutionize the transportation systems of the world. Slowly but surely the superiority of the railroad and the locomotive over the turnpike forced itself upon men's minds. And then the States turned to the building of iron roads as they had turned to the building of turnpikes and canals. Many of the first railroads in the United States were built by the States, and with the expectation that they should be managed by the States.

But, unfortunately, the building and management of many of these roads was not free from scandal. Moreover there came a demand for the construction of these roads and for an expenditure of money that the States could not provide for out of taxation, and there was an aversion to the States running into debt. So the organization of joint stock companies, already resorted to for the building of many turnpike enterprises, was hit upon. Railroad companies were chartered by the States and given special privileges and valuable grants. Thus the corporation came to supplant the state in providing the people with means of communication. No one dreamed but that the railroad companies thus chartered would serve all men equally, as the chartered turnpikes had done, do like service for all men for like charges and without prejudice or preference. In brief, when the people, through their representatives, chartered and created railroad corporations and conferred upon them valuable grants it was

supposed that the railroads thus created would serve the people.

But as our railroad systems were evolved out of their meagre beginnings they gradually lost the character of common carriers. As they have grown in age and strength so have they grown to tyrannize over shippers; as railroad consolidation has gone on and as the stronger roads have spread and systematized their control over the smaller, so have they systematized their tyrannies. The treatment of all men at the hands of the railroads with exact equality, the rendering, by the railroads, of like services for like charges to all shippers, without preference or prejudice, is a thing of the past. It is now the promptest service for the smallest charges to the shipper who will purchase such favor by sharing the profit resulting from such favor with railroad managers, the worst service and the highest charges to the shipper who will not be a party to such dishonest practices, who will not stoop to the bribery of railroad officials. It is now the best service for the smallest charges to the industries in which railroad managers have a direct or indirect interest, the slowest service at the highest rates to independent producers who are striving to get ahead by legitimate means and without swelling their profits at other's expense by compounding with dishonest railroad managers.

Of a necessity honesty fails in businesses dependent on rail transportation; it is dishonesty that succeeds, it is honesty that is rewarded with failure, dishonesty with riches and power. And so it is the best service and lowest rates for the rich and powerful, for the cliques, the combines, the trusts, while it is the worst service and highest rates for the poorer shippers and for the industrious who bend their energies to produce wealth, not to planning ways for the accumulation of wealth by despoiling other men of the fruits of

their toil. Nor is this any overcolored picture. It is a plain statement of conditions as they are. The railroads, though chartered and created by the State to serve the people, to serve all men without preference or prejudice, do not do so. The creator has become the servant, the created is no longer; the railroad is the master, man the servant.

So have the relations of railroad and public been reversed. It is no longer the railroad that serves the public for the mutual advantage of stockholders and shippers, it is the public that is made to serve the railroad cliques and combines. No longer are the railroads directed so as to promote industry by insuring to all shippers an equality of service and at like rates, no longer are they directed so as to give all men common and equal opportunities in the distribution of the products of their labor, so encourage enterprise, swell traffic and railroad earnings, and so increase the return to stockholders, but they are directed so as to swell the profits of the speculative cliques, of the trusts and combines, profits made not by honest industry, but by despoiling the industrious who are shippers of freights over the railroads on the one hand, and railroad stockholders on the other.

If a turnpike company should make a regular charge of one cent a mile but should permit the teams of those farms which the turnpike managers had an interest in to use it upon payment of three-quarters of a cent a mile while charging the full rate to the poorer farmers, what would be thought of that turnpike? We fancy such turnpike company would soon be abolished, that the men who directed such discrimination in tolls would find themselves on the way to the penitentiary. Yet this is just what our railroads do. Railroad managers direct that smaller tolls shall be charged some shippers than others, they share in the extra profits

that grow out of the preference in rates given to the favored shippers. The railroad managers who thus grow rich should go the road that turnpike managers, guilty of similar crimes, would go, but they don't; they would go the same road if the provisions of our present laws were enforced against them, but such provisions are not enforced. On the contrary, as they grow richer from pursuit of practices that should send them to the penitentiary they hold their heads higher, in a corrupt society they are held in higher esteem.

The only difference between the supposed case of the turnpike and the actual case of our railroads is one of the magnitude of the grievance, of the injustice done. The grievance that farmers charged a toll of one cent a mile would have against the turnpike company that permitted certain favored farmers to use the pike upon a payment of three-fourths of the regular rate would, in a way, be small. As the distances of transportation over the turnpikes would be short, and as the toll would amount to an infinitesimal fraction of the value of the produce transported, the advantage that the favored farmers would have over others because of the enjoyment of lower tolls would be inappreciable. But in the case of our railroads this advantage is not small, for the distances over which goods are transported by our railroads are great and the freight charges often amount to a very considerable proportion of the value of the product, so that the advantage conferred upon a shipper by a moderate cut in rates below those charged to competitors is most important, often large enough to equal the full amount of profit in the shipment, and when this is so those who have not the advantage of the lower rate cannot prosper, they cannot ship at a profit; if they continue to ship they must fall behind as the favored shipper gets ahead, and the result must be in the end the drying up of many businesses honestly conducted while the dishonestly conducted thrive.

As the Interstate Commerce Commissioners truly say in their eleventh annual report, recently made public: "A very slight change in rates upon any of the staple commodities amounts to an enormous sum in the aggregate. In most articles of daily use the transportation charge is a large, and often the larger, part of the cost to the consumer. The freight rate may determine whether the Kansas farmer shall burn his corn for fuel or send it to market. The traffic manager may decree whether an industry shall exist or a locality flourish."

And not only may the traffic manager decree failure to one enterprise, success to another, growth and development to one locality, shrinkage to another, but he does so decree. Such abuses are intolerable. To rid ourselves from them, to insure to all men like transportation facilities without discrimination as to charges and so take the making and undoing of fortunes out of the hands of railroad managers, we must return to first principles in the construction, ownership and management of our ways and means of communication. The government early started out on the policy of constructing and managing post roads. It dropped this duty, the duty of insuring to our people like transportation services at like charges to the States, and the States dropped it to corporations. Corporations gladly assumed the task of supplying ways and means of communication thus dropped to them, but not the duties. Our railroads have grown greatly, but they have not grown as common carriers, but as preferential carriers, and so we have had gross abuses. To free ourselves from such abuses the national government must resume the work it dropped, the work of providing ways and means of communication common to the use of all men alike; it must assume the ownership and management of our railroads.

OUR RAILROADS AS OPPRESSORS OF THE HONEST AND SERVITORS OF THE UNSCRUPULOUS.

[March 19th, 1898.]

THE enormity of the extortion carried on under cover of our railroads is hard to conceive. Hidden by practices that are innumerable, by underhand practices that are as reprehensible as the grievous exactions and injustices so carefully hidden, it is hard to uncover the extent of the evils that have grown up around the building and operation of our railroads. The injustice of discrimination in freight charges and transportation services, the injustice and wrong of charging those outside of the railroad cliques, the trusts and combines built up on the favors granted by the railroads—of charging those outside of these cliques higher rates than those within can readily be grasped, but the extent to which this discrimination is carried, and hence the magnitude of the wrong and evil done, it is impossible to show in all its enormity, for the discriminations are so adroitly covered and hidden that it is quite impossible to uncover them in all their nakedness. And even as it is hard to comprehend the magnitude of the injury done by discrimination in railroad charges and services is it hard to comprehend the extent of the systematic over-capitalizing and wrecking of our railroads that has been carried on.

We speak of discrimination in transportation services as well as charges, for the reason that promptness of service is often of importance secondary only to

that of reasonableness of rates, and to supply some with prompter service than others is to give to the favored a great advantage. To side-track a shipment of grain somewhere en route from Chicago to the seaboard, side-track it after a steamer has been chartered to carry such grain abroad and while that steamer is awaiting its cargo, will entail upon the shipper great loss, for demurrage charges will pile up against him on account of the undue detention of the steamer. Every day the steamer is unduly detained in idleness is a day subtracted from the number of days during the year that the steamer should be engaged in carrying cargoes and earning freights. And if the shipper chartering a steamer to carry out a cargo has not his cargo ready and so detains the steamer, he puts off the day on which that steamer would, under other conditions, be ready for another cargo; he lengthens the time required for a round voyage, diminishes the number of trips that might be made in a given time, so curtails the earning capacity of the boat from the carriage of freight within such given time, and this curtailment of the chance of the boat to earn freights from others must be paid for by the shipper who is so unfortunate as to detain the steamer.

Thus any delay on the part of a railroad to deliver a shipment of grain at seaboard has the effect of increasing the ocean freight that the shipper must pay. And clearly the shipper who is systematically subjected to the side tracking of his grain while his rivals can depend upon the prompt arrival of their shipments, is put at a serious handicap, and must finally be driven out of the trade. And this is one of the annoyances to which shippers of grain outside of the cliques have ever and anon been subjected to their great loss, and of which much complaint has at times been made.

It may be said that the shipper of grain thus con-


stantly subjected to the side-tracking of the cars with his grain while the grain of others comes through unerringly without delay, might calculate on the longer time that his grain was usually kept en route and insure himself against demurrage charges for the detention of a steamer chartered to forward the shipment by shipping his grain from Chicago at a date sufficiently before that fixed for the loading of the chartered steamer as to insure the grain being on hand, even though side-tracked and kept an undue time en route. But this would oblige this shipper or those purchasing grain through him, to advance the money for purchases of grain earlier than when the grain was to be forwarded by the shippers receiving from the railroads prompt service. Consequently these latter shippers would be preferred because there would be a saving of the outlay for interest on shipments made through them.

So to hold on to a share of the shipments the producer impelled by discrimination in promptness of service to order grain earlier than his favored rivals, would have to offer to do business for a smaller commission, so that the saving in commission might offset the loss of interest entailed because of the longer time grain forwarded by such shipper would have to be carried than that forwarded by his favored rivals. Besides, the taking of such care and at such cost to avoid steamship demurrage charges would not, of any certainty, relieve such shipper of demurrage charges. This for the reason that the cliques operating to ruin him and using the railroads as their tools would be prone to see that the railroads would run his grain through without delay when they were certain he was not ready to receive it. And then, unprepared to unload his cars, he would be in for demurrage charges on account of the undue detention of the cars, or he would

have to provide storage room for his grain which would amount to about the same thing.

It is in this matter of demurrage that the railroads cover up much discrimination. The standing rule of all railroads is to require the unloading of freight from their cars within a very limited time after the arrival of the cars at destination, usually within a period of twenty-four or forty-eight hours. If the cars are not unloaded within the stated time limit demurrage charges are piled up. But in the case of many favored shippers the railroads conveniently forget to charge up or collect demurrage charges. Thus, in effect, they lend their cars to such shippers as free storage houses, and so such shippers are relieved from the necessity of providing storage room and paying storage charges where others must. This sort of preference or discrimination has been proven before the Interstate Commerce Commission and in regard to many classes of freight. Indeed, there is reason to believe that it is a species of discrimination constantly availed of, and very serious discrimination it is. Like all discrimination it results, of course, in loss to the railroad companies, puts them to an expense in supplying cars that they should not be obliged to incur. Indeed, it has often resulted, there is every reason to believe, in so tying up cars as to render it impossible for the railroads to supply cars asked for by shippers outside of the cliques, or at least give the railroads an excuse for failure to supply cars and so delay the shipments of the unfavored.

Much of the grain shipped, indeed most of the grain shipped from New York, is loaded into the ships by floating elevators; in Philadelphia and Baltimore most of the grain is loaded direct from elevators that serve as storage elevators, as well as loading. And it is clear that the side-tracking of grain cars in the railroad



yards of New York or Philadelphia or Baltimore or elsewhere, and the holding of the cars of the favored shippers thus side-tracked without charge until the shippers are ready to ship the grain, and it may be passed through the elevators to the ships without storage charges, or through the floating elevators and into the ships without storage charges, amounts to the giving of great preference. And when other shippers outside of the cliques are charged for car demurrage if they keep cars standing in the yards, or storage charges if they unload them promptly unless they can so nicely time the arrival of their shipments as to have the grain always arrive when the steamer chartered to carry it is ready to receive it, it is clear they will be forced to work under a serious handicap. And, of course, they must work under a serious handicap, for the railroad cliques will be sure to make it impossible for them to thus nicely time the arrival of their shipments, as we have seen.

Another favorite method of discrimination much akin to this is covered up in switching charges, especially the switching of cars from the tracks of one railroad to the tracks of another. This is most notoriously true of the Chicago Belt Line. For the switching of cars over this line and from one of the granger roads running to the west to one of the trunk roads running to the east it appears that the railroads have added to the total freight charge as much as five cents a hundred pounds, or a charge for switching the cars a few miles of one-third as much as the schedule freight charge for shipments of grain from Chicago to the seaboard. But to the favored shippers this charge seems often to have been entirely remitted, the charging against them of anything for switching being purposely overlooked, "accidentally" if the question happens to be raised

in any case. In this way those guilty of discrimination secure immunity from punishment.

The Chicago Belt Line exacts payments for all the switchings over its lines, at least it is so believed, the railroads receiving the grain making such payments out of the gross freight charges and supposedly adding such payments to their through rates. But, as we have said, this they forget to do in the case of the favored shippers, with the result that such shippers get their grain through five cents a hundred cheaper because of this oversight, and the granger road and the trunk line that pay the switching charges have five cents a hundred less to divide between them. And what occurs at Chicago occurs at Philadelphia, where there is an arbitrary charge made for switching of three cents a hundred, but the favored shippers quite generally escape this "arbitrary." It is not added to the rate charged them as it is to the unfavored shippers of grain, of whom, however, it might be said there are none, for they cannot live under the gross discriminations. This arbitrary switching charge makes a convenient cover for rebates. And as the open rate on grain from Chicago to Philadelphia is only fifteen cents we can see what this rebate amounts to.

And what is true of switching charges at Philadelphia is true of switching charges at nearly all large cities; it is true of Cleveland, Ohio, where the Interstate Commerce Commission has recently been making some investigations. There it has been shown that these switching charges are not made against certain large grain shippers, there it has been proven that demurrage charges are not imposed indiscriminately but as a cover to discrimination, there it has been proven that the charges for switching and holding cars overtime are often greater than the regular freight rates, so that the unfavored shippers who are unfailingly re-

quired to pay these switching and demurrage charges often pay double the freight charges paid by the favored shippers, who escape the switching and demurrage charges. It is no wonder that the favored monopolize the grain trade.


In short, covered in these switching and demurrage charges at Cleveland there is discrimination of 100 per cent. And this does not measure the extent of the discrimination by any means.

It is a well-published fact that the railroads charge much less for freight shipped in car load lots and to the same consignee than when consigned to several different parties. And this seems very reasonable, for the labor entailed in making the latter kind of shipment and in delivering the goods is greater than in the first. Thus the open rate on a carload of sugar shipped in Philadelphia and consigned to the same person, say in Cleveland, is much less than upon a carload of sugar of which ten barrels is consigned to one grocer, ten to another, and so on. But it has recently been brought to light that the railroads ignore this extra charge imposed on divisional shipments where the Sugar Trust is in question. Thus the Sugar Trust has been permitted to ship carloads of sugar consigned ostensibly to an agent in Cleveland who is not the real consignee at all. This is shown by the fact that the sugar is not delivered to him but delivered upon his order to sundry different grocerymen. And until such grocerymen have wanted sugar the railroads have held sugar in their storehouses and without charge time and time again.

Thus the railroads made of themselves a business house of the Sugar Trust in Cleveland, or rather extended all the conveniences that a business house would have rendered and without charge. What is more, this free storage practice is not by any means

confined to sugar or to Cleveland. We even find the freight agents of the railroads, in the pay of the railroads, at the direction of the railroads, and without additional compensation, rendering to various industrial trusts the services of business agents, the railroads permitting such trusts to consign carloads of goods to such agents and instruct such agents to fill the orders received by the trusts from different points of distribution out of carloads of goods shipped to the freight agents at such points. It is in this way, among others, that the trusts get an advantage over independent producers, squeeze out such producers and hold on to their monopoly. In this way they secure carload rates on shipments of goods that should of right pay the higher rates.

But these are not the only covert ways in which the trusts and combines are favored. A favorite method of discrimination is underbilling, that is of charging for less weight than actually shipped. It appears the New York, New Haven and Hartford Railroad has favored the Standard Oil Trust with this underbilling for some time. This has been accomplished, it seems, by making a ridiculous over-allowance for the weight of the tank cars, thereby diminishing the reported weight of oil carried. This method of underbilling and discrimination being recently uncovered in a hearing before one of the Interstate Commerce Commissioners the manager of the transportation department of the Standard Oil avers that he had no knowledge of the underbilling, that it resulted from a mistake in calculating the weight of the cars and so aver the officials of the railroad. At the same time they promise to rectify the abuse. And thus by promise and diplomatic lying, by pleading ignorance, they escape the punishment that should be theirs, and will no doubt be bending their energies in the near future to devising a new




method of discrimination in favor of the Standard Oil, if indeed they seriously apply themselves to rectify the underbilling as they now promise, which is much to be doubted.

Thus we see how under the cover of demurrage and switching charges, under the cover of free storage and underbilling the railroads discriminate in favor of the cliques, the trusts, the combines. But to such indirect discrimination they do not confine themselves, as effective as it is. They grant direct rebates to the favored shippers. Thus the open rate on grain shipments from Chicago to Philadelphia is 15 cents a hundred pounds, but it is currently reported that all the most favored shippers pay is 8 cents. So here we have a direct rebate of 7 cents, or nearly 50 per cent., in addition to all the other rebates covered up in ways we have seen. Of course the extent of these rebates cannot well be proven, for those who have knowledge of them and do not hesitate to speak of them privately could not be prevailed upon to give evidence before the Interstate Commerce Commission or a court, for such evidence would land the givers and receivers of these rebates in the penitentiary, and this, those who profit from such rebates and who speak of such rebates and who alone have direct knowledge of their extent cannot be expected to give. Nor can they be forced to give evidence that would be incriminating.

And now let us ask, Who are those who profit from these rebates? They are both the givers and receivers. The railroad managers who give, profit as well as the cliques who receive. They profit because the receivers of the rebates of which the railroad stockholders are deprived give back to such managers a part of the rebates given. It is this return rebate that tempts railroad managers to sacrifice the interests intrusted to their care.

The magnitude of this sacrifice of the interests of railroad security holders cannot well be arrived at, and it can hardly be comprehended. The freight earnings of our railroads last year were nearly \$800,000,000, and of the freight carried there can be little question that quite one-half was carried by the favored cliques, probably much more. Indeed, when we recall the unquestionable facts that almost all the grain shipped from the central west to the seaboard is shipped by favored shippers, that the shipments of 80 per cent. of our mineral oils at least are favored shipments, that the greatest of our trusts and combines secure rebates beyond a doubt, are indeed the children of rebates, it seems almost absurdly small to put the favored shipments at only 50 per cent. of the whole. What the average rebate on the favored shipments amounts to is equally a matter of conjecture, but we have shown that 50 per cent., or a discrimination of 100 per cent. in favor of the cliques would be no extravagant figure at which to place such rebates. Indeed, when we recollect that the Standard Oil has enjoyed at times a discrimination of 1,600 per cent., and when we recall the movement in times past of what railroad men know by the name of "ghost trains," that is trains loaded with freight carried absolutely free, we are half inclined to think that the favored shippers enjoy an average discrimination of over 100 per cent.

But even supposing the favored shippers only controlled half of the traffic, and enjoyed discrimination of an average of but 100 per cent., it is evident that the earnings of our railroads for the last year were cut into by rebates to an extent of \$400,000,000, that their freight earnings, save for the betrayal of the interests of the railroads by their managers, a betrayal for private gain, would have been \$1,200,000,000 instead of \$800,000,000, that their net earnings would have been




more than twice as large as they were, and that, interest charges remaining the same, they could have paid as dividends to stockholders five times that which they did.

If the public had the advantage of these rebates there would be some compensation for this gross betrayal of the interests of railroad stockholders. But the lowering of rates growing out of such rebates has brought the public no benefit, but on the contrary, great injury. Out of such rebates have grown trusts and combines that have crushed out independent producers, wrecked their enterprises, taken from them their accumulations of capital. The result has been to centralize wealth in a few hands and by such centralization discourage production, retard the accumulation of wealth, and so clog the wheels of progress. But this is not all. By creating monopolies these rebates, and the secret lowering of freight rates consequent thereon, have resulted not in cheapening, but in enhancing the cost of such monopolized products to the American consumer, not perhaps in actually enhancing prices, but in holding prices for such products above the level to which they would otherwise have fallen. And so again have the many been impoverished that the few might gain.

But this is not all. The granting of these rebates, by cutting into the earnings of railroads, has been the cause of the wrecking of many roads. Indeed, in not a few cases the producers along one line of road have been deliberately discriminated against in favor of the producers along other roads, and then the discrimination reversed with a view to alternately wrecking road and industries located along it, alternately building up road and industries, the wrecking of the road being timed to occur, it is needless to say, when the cliques have their accumulations in the industries built up by

bleeding the road, and the wrecking of the industries and building up of the road being equally timed in the interest of the cliques. Thus by raising freight rates along a road have the industries along such road been discriminated against and crushed. Such raising of rates at first, and only at first, is calculated to increase the railroad earnings. When the industries are wrecked and bought up by the cliques the railroad is sure to suffer curtailment of earnings and final wreck from the drying up of the industries along its line. Then by putting down freight rates so as the industries along such line and in possession of the cliques may have a handicap rather than be handicapped such industries will be built up. The cliques getting out of such industries and into the wrecked road then raise freight rates. For a while the unfortunate industrial enterprises struggle along at a loss while the profits of the road increase, and its securities held by the clique are pushed up in price and sold, when this policy of industrial ruin bears its fruits in wrecked industries, and finally again a wrecked road. It is much after this manner that the cliques profit from their schemes of overcapitalization.

So we see how the rebates of which we have spoken benefit the cliques and injure the masses of the people, benefit the unscrupulous and injure the honest in all directions. It is thus that the railroads have become the oppressors of the honest and servitors of the unscrupulous, the oppressors of the weak and servitors of the strong. Thus it is that the wealth produced by the many, and that should of right be accumulated by the many, passes into the hands of the few; thus it is that one per cent. of our people have come to own as much property as the remaining ninety-nine; that one-eighth of the families in America receive more than



half of the aggregate income; that the richest one per cent. receive a larger income than the poorer fifty.

If it is wrong to build a road at a cost of \$5,000,000, and then capitalize it at \$10,000,000, if it is wrong to issue upon said road \$5,000,000 of stock for which no money is given and call it full paid-up capital, if it is wrong to tax the users of our railroads to pay interest on this fictitious capital, then bound up with our railroad system is grievous wrong, for after this manner it is capitalized. If it is wrong to charge a few of the most powerful shippers only eight cents a hundred pounds for the shipment of wheat from Chicago to Philadelphia while charging the mass of shippers fifteen cents, if it is wrong for the railroads to give to some shippers the use of their cars as storehouses free of charge but not to all, if it is wrong for the railroads to act as the business agents of the trusts, while refusing to similarly treat the ordinary shipper, if it is wrong to carry the goods of the trusts at lower rates than the goods of independent producers, if it is wrong for the railroads to do switching without charge for the clique shippers while charging all other shippers stiffly; in a word, if it is wrong for our railroads to operate so as to deprive men of an equality of opportunity, so as to build up trusts and monopolies, so as to impoverish the many, so as to oppress the honest and serve the unscrupulous, then sheltered under the protection of our railroads is a grievous wrong, for after this manner are they operated.

If we would not honor and enrich the big criminals while punishing the little, we must put an end to the use of our railroads as the oppressors of our people and the servitors of oligarchy. And this demands the nationalization of our railroads. There is no other alternative. We must become the slaves of those controlling the railroads or we must possess those railroads

and make them our servants. We must be masters or we must be slaves. Let us resolve to be masters.

So, whereas the railroads cannot be depended upon as common carriers, but show themselves as preferential carriers, making extortionate charges for some services and of some people that services may be rendered to others for a song, laying unjustly onerous charges upon some that others may be relieved, taxing and impoverishing the many that the few may be enriched, we demand the nationalization of our railroads that our people may enjoy their rightful inheritance, may enjoy equality in fact as well as name, the right to life, liberty and the pursuit of happiness.

NATIONALIZE THE RAILROADS OR PAUPER- IZE THE NATION.

[November 5th, 1898.]

FOR long years we have relied largely upon competition to give to our people equitable transportation rates. To secure such rates through competition many States have prohibited railroads running through their territory from purchasing, absorbing or in any way gaining the management and control of parallel and competing lines. But in the direction of securing equitable rates railroad competition has proven a dismal failure. And this is in no way surprising, for in the nature of things railroad carriage is monopolistic rather than competitive. This is because there must be many localities in which some one railroad has a monopoly, and all other places that trade with such localities as are affected by such monopoly, must pay, when trading with such localities, transportation charges fixed by the rules of monopoly, not competition. And the rules of monopoly mean not fair charges, but the charging of all the traffic will bear, not charges fixed by a fair remuneration for services rendered, charges sufficient to cover costs and provide a fair profit, but charges as high as they can be put without putting a stop to the movement of goods.

Monopoly recognizes that there is a point above which it cannot raise prices without so discouraging trade as to defeat its purpose in raising prices—namely, the swelling of profits. And above this point monopoly will not raise prices unless with some ulterior purpose in view. This point is what is referred to

when the fixing of rates at all the traffic will bear, is spoken of. All the traffic will bear means all that can be charged without so restricting the transportation of goods that earnings would be cut down by the restriction in traffic more than they would be swollen by the increased charges.

Of course just what this point is is a matter of judgment. Our belief is that if railroad passenger rates were cut in half the earnings of railroads would be increased rather than diminished, travel increasing because of such decrease more than twice, and enough over twice to meet the added costs of transportation; costs that would be comparatively small as trains would run full where they now run but partially filled, at no added cost, while the adding of each additional train would reduce the average costs of train running, inasmuch as there would be more trains among which to apportion the costs that are more or less fixed.

The more traffic can be put over each track the smaller will be the cost of transportation per passenger and per ton. And so it is that a bold reduction in rates would very likely so stimulate traffic and so reduce the costs of transportation per passenger and per ton that although the rate charged each passenger might be materially less than the present cost of transportation it would be more than the new cost, and though the net earnings on the carriage of each passenger might be smaller the gross earnings, because of the increased number of passengers carried, might readily be greater. So our belief that a halving of passenger rates would increase earnings, prove more profitable than present rates, a supposition on our part that is borne out by the result of several minor experiences with radical rate cutting. But to make such a bold reduction in rates would take a courage that is wanting in private monopoly, that privately managed

railroads may never be expected to find, that government-owned railroads, quite strongly enough backed to suffer in no material way if the trial was disappointing, would not be without.

So it is that our railroads with a monopoly are prone to hold up rates even higher than it is profitable to hold them, really charge more than the traffic will bear. And thus is trade hindered, is the accumulation of wealth, the growth of the nation held in check in a way that it would not be if the railroads were owned and operated by the government.

This same argument of railroad rates being fixed by what the traffic will bear is made to do duty in defense of railroad monopoly in sundry localities. It is the argument that there is a point above which the railroads will not raise rates from the fear that to do so would tax enterprise along their lines out of existence. And it is further asserted that this point is one of moderate charges, is indeed indirectly fixed by competition, for it is said that if rates are made higher by the railroads to places where they have a monopoly than to places where there is competition, trade and industry will drift to those latter places, while the industry in the localities without competition will stagnate and the business of such localities fall off with inevitable loss of traffic and earnings to the railroads so unwise as to kill the goose of the golden egg.

It is, moreover, true that railroads that, though not parallel, run through similar country and to a common terminal and distributive point are in a sense competitors. For the country along the road that offers the best rates will build up the quickest, for along such road industry will be more profitable than along the other that lays a higher tribute on producers for the carriage of their products to market. So the business of the road that acts upon the principle that its pros-

perity is dependent upon the prosperity of the people it serves will grow the fastest. And consequently if the interests of the roads were the first care of railroad managers they would strive to make their rates reasonable, to encourage industry and development along their lines in every legitimate way.

But it too often has happened that the interests of certain speculative cliques, not of the railroads, have been the first care of railroad managers. And then have the roads been used and with terrible effectiveness to further the piratical schemes of these speculative cliques, used to wreck industries on one line of road in order that the industries on another, industries in which the cliques had ownership, might be given a monopoly and made prosperous when the cliques would part with their proprietorship and reverse the operation. And what has been done in regard to whole localities has been done with regard to special industries picked out for favoritism and upon which have been conferred such advantages and special privileges as to give monopoly. Thus it is that the railroads have been used to pauperize the people.

So it is that the effort to secure competition between railroads has failed to give to our people an equality of rates and opportunities. It has failed because there has been no healthful competition and failed so signally that the defenders of private ownership, admitting its failure, admitting the failure of the railroads under private management to establish and maintain an equality of rates, demand that all pretense of preserving competition be thrown over, asserting that it is competition and the possibility of playing off one road against another under competition that has resulted in the gross favoritism between shippers that has made the favored shippers very rich and well-nigh ruined all others—an assertion that would carry more

weight if it was not seen that the railroad managers were profiting along with the favored shippers, a fact that irresistibly drives us to the conclusion that the cutting of rates is not forced from the railroad managers by threats upon the part of the large shippers and the playing off of one road against another, but is purchased from them by the proffer of bribes, by the return to them of part of the profits gained through the favoritism, the cut rates, the off-shoot of their own dishonesty.

So it is that the failure of our railroads under the present system of private management to establish an equality of transportation rates cannot be remedied by the legalizing of pooling with a view to the prevention of competition between our railroads.

But it is not only as the builder of favoritism and discrimination, the discrimination that enriches upon the one hand and impoverishes upon the other, that our railroad management has been a mighty failure. In the quite uncalled-for paralleling of roads, the building of a parallel road where an existing one was quite sufficient to handle all the business, there has been gross waste. And from this paralleling the people have gained nothing. It has simply resulted in the spending of double, often treble the capital required to provide a locality with all requisite transportation facilities. And upon this capital thus unwisely spent the people of such localities have been called upon to pay interest. So the very fact of the creation of such parallel roads has resulted in keeping rates higher than they ought to be. But such roads were created in good part more with a view to the profits to be made out of manipulating their securities in Wall Street, from grossly overcapitalizing them and passing the watered and really worthless part of the securities off upon the investor and blind speculator, than with a view to the

profits to be had from their operation. And so the unnecessary and really ruinous investments of capital in roads of this kind, an investment of capital that could have been made with infinitely greater profit to the community.

Another waste inseparable from our present system is the great expenditure in the keeping of a multitude of accounts, many of which could be dispensed with entirely and others much simplified if our railroads were managed as one system and not as many. It is safe to say that the \$30,000,000 now spent for administration could be cut in half if the roads were managed as one. So here there is a sheer waste of \$15,000,000. Further, by taking over the railroads, and even upon a basis of the present market value of their securities, their present interest payments of about \$350,000,000 a year could be cut down by fully one-third. This would be effected by the mere substitution of the superior credit of the nation for that of the railroads.

Thus we see how our railroads in private hands have failed to give to our people that to which they are entitled, an equality of rates; how they have been used to enrich the favored few and impoverish the multitude, how capital has been wasted in their construction by the building of parallel lines, how their management as a lot of separate systems makes the keeping of an intricate lot of accounts, at great expense, inevitable; how great sums would be saved annually on account of interest charges if the roads became government property, how as a consequence rates could be reduced, how such reduction and especially the equalizing of rates would stimulate trade, lead to great increase in traffic and the cheapening of the costs of transportation per passenger and per ton in a manner that would make possible a still further reduction of rates. In


short, we not only cannot afford to tolerate the present evils of our railroad management, evils that have grown up with its management in private hands, and that impoverish the multitude while enriching the few, but we cannot afford to throw away the savings that government ownership of our railroads, and their management as one system, would bring. The question for us is simply one of nationalize our railroads or pauperize our people. That is the bald issue stripped of all subterfuge and that our people must decide.

RAILROAD MONOPOLY.

[June 30th, 1900.]

RAILROAD managers hold men's fortunes in the hollow of their hands. They have it in their power to give fortunes to some men and take away the accumulations of others. And they exercise this power—not ever or even generally with an eye to the advantage of the stockholders of the roads for which they act, nor in many cases primarily to their own profit, but to the advantage of the speculative cliques whose puppets they often are.

In the hands of the real railroad managers, and the nominal managers may be the real or mere puppets of the real, is placed a fearful power, and they are subjected to fearful temptation to abuse it, for, by so doing, can they win unearned fortunes for themselves. And it is not to be expected of mortal man to stand upright in the face of such temptation. Give men the power to squeeze fortunes from the hands of others and they will fall to the temptation to use it. It is too much to expect of mortal man to rise above such temptation. Remove temptation from the paths of men and they will live upright lives. Just as we remove temptation will we have a better and happier world. And, as we long for the upliftment of all mankind, can rejoice in the downfall of none, is it the first function of good government to remove temptations from the tracks of men rather than to punish those who fall. For the success of government is to be measured not by the numbers who are punished for falling to temptation, but by the numbers who are kept



from going wrong. And the government that fails to exert itself to remove temptation from the paths of any of its citizens is more derelict in its duty than the government that fails to punish those who fall. So when we see railroad managers tempted from an upright course, amassing fortunes by the use or abuse of the power which is in their hands, which we the people wrongfully leave in their hands, let us not blame them alone, aye, not even primarily, but take to ourselves the chief blame. For it is our failure to do our duty by them and by ourselves, by removing temptations that it is in our power to remove, that is primarily responsible for their fall.

The worst of all private monopolies with which we have to contend is the railroad monopoly, for upon it rest many of the industrial monopolies that are so sorely oppressing the people, exacting the toll of monopoly—this toll being added into the prices paid by consumers for trust products, and deducted from the prices paid producers by the trusts for the raw materials they buy. For monopolies exact toll both buying and selling, and buying labor as well as the products of labor. It is power to exact such toll that monopoly gives, and it is the railroad monopoly that has conferred such monopoly power upon many industrial combines and trusts.

It will be noticed that we speak above of private monopolies, of the railroad monopoly being the worst of private monopolies. And we do so meaningly, for if the railroad monopoly was a public monopoly it would not be bad at all. The postoffice is a public monopoly, but who ever heard of the postoffice oppressing the people? Yet who doubts that the postoffice, if a private monopoly, would be oppressive? And so the railroads. Every step in the direction of making them a more complete private monopoly, every step in

the direction of conferring upon them more extensive monopoly power—and every consolidation is a step in this direction—must be expected to make them a monopoly more oppressive. But make them a public monopoly and they will cease to be oppressive, for then the power to make them oppressive would rest primarily with those who would be oppressed if they were made so—the whole people—and so temptation to make them oppressive be removed.

Now it may be said, aye, it is said, that there is no such thing as a railroad monopoly in this country, that to speak of the existence of a railroad monopoly is unpardonable, demagogic—for there is railroad competition most bitter. And where there is competition there cannot be monopoly. Indeed, it is said that competition is at the bottom of our railroad troubles, the very root of rate discriminations. And therefore to get rid of such discriminations we ought to authorize pooling between the railroads. That would get rid of competition, that would make one great private railroad monopoly, then there would be an end to rate cutting and rate discrimination. And so there would be an end to rate cutting to get business, but there would not be an end of rate cutting to give advantages to favored trusts and combines in which railroad managers and the speculative cliques behind the railroads, dictating their policy, have or might secure an interest. This latter kind of rate cutting would go on worse than ever, for more than ever would it be in the power of the speculative cliques to use the railroads effectively as engines of speculation, engines to build up the prosperity of those enterprises in which they were interested, wreck those enterprises which were competitive and that they wished to destroy. And so the evil of rate discrimination would not cease but would be accentuated with the joining of our railroads in a way

to make of them one great private railroad monopoly. That evil will cease when we have nationalized the railroad monopoly, not before.

But to return. It is said there is no such thing as railroad monopoly, that in the making of rates our railroads are ever held in restraint by sharp competition, that in the fixing of charges they have none of the powers of the monopolist. But they have, nevertheless. That there is competition between the railroads we do not deny. But many are the points served by but one road, that are not reached by any competitive line. And in the fixing of rates to such points the railroads are certainly under no restraint of direct competition. But it is said they are under the restraint of indirect competition, which is really quite as effective. That is to say, that though a certain territory may be served by but one road, a similar territory, with similar industries, will be served by another. And, therefore, if the first road raises rates above the second, it will put a damper upon the industries along its line, for it will put them at a disadvantage in competing with industries along the line of the second, and, therefore, the first road cannot raise rates above the second without running the risk of killing off its freight business and building up that of its rival.

Consequently, it is said that in the fixing of rates to so-called non-competitive points, the railroads are under the restraint of this indirect competition. And this is a plausible statement, but what, in fact, does this restraint amount to? That rates must not be put so high as to absorb more than all the profits of production! It means simply that to such points, where there is no direct competition, the railroads can and will, in railroad parlance, charge all the traffic will bear. It means that in fixing their freight rates they will take into consideration possible profits of those

engaged in productive enterprises along their lines and fix rates so as to take for themselves the major part of such estimated profits, leaving the producers just enough profit to encourage them to struggle on and continue to make freight for the railroads.

This sounds cold-blooded enough, but it is just what the railroads mean and set out to do when they talk of fixing rates at all the traffic will bear. When rates are fixed at that point where to raise them higher would drive men out of business, land out of cultivation, the railroads have reached the limit to which they can raise rates, the limit of what the traffic will bear. And this is the sort of protection that points now served by but one road have against the charging of oppressive rates, have in the so-called indirect competition of other roads. It is the protection that says you may make slaves, but shall not kill—shall not kill, not because the roads have not the power or right to kill, but because it would not pay. And yet even this poor protection is often wanting, the roads not being managed with a view to the interests of their stockholders, but the profit of speculative cliques using them, using them to wreck. And these speculative cliques wanting to prey on the dead, pick up abandoned plants and enterprises for a song, may find it to their interest to use the roads to kill, and finding it to their interest do so.

Now let us pursue this question of railroad monopoly a little further by the aid of a concrete example. We have seen how it is said that even in the fixing of rates to points served by but one road the railroads enjoy no monopoly power, that they are under the restraint of indirect competition, that this renders the making of monopoly rates impossible. Yet we have seen that up to that hopeless limit of all the traffic will bear they do enjoy a monopoly power in the fixing of rates and do

exercise it. And so in fact are railroads, by the very nature of their being, in the fact that they of necessity serve many places exclusively, to a great degree monopolies.

An illustration of the use of such monopoly powers may not be necessary to convince fair readers that the railroads do have and do exercise such powers, yet will not be out of place. Between St. Paul, Minneapolis and Duluth there are no less than four competing lines. One of these, and with somewhat the longer route, belongs to the Northern Pacific. On this route is situated the town of St. Cloud nearer to Duluth than St. Paul or Minneapolis, and served, so far as Duluth traffic is concerned, by but one road. In short, the Northern Pacific had a monopoly of its Duluth business, and the result. It proceeded to charge St. Cloud the toll of monopoly. It made the rate on flour from St. Cloud to Duluth 7 cents higher a hundred pounds than on flour from Minneapolis or St. Paul, or the milling towns of Anoka and Elk River, towns further away from Duluth but served by more than the one road. And on soft coal the Northern Pacific made the rate from Duluth to St. Cloud 85 cents per ton higher than the rate to any of the four places mentioned above, places more distant than St. Cloud, and on hard coal made a rate of 75 cents a ton higher. Thus did it tax the St. Cloud millers, put them at a disadvantage in competing with the millers of St. Paul or Minneapolis, or Anoka or Elk River. "The difference on the rate of flour," says the report of the Interstate Commerce Commission, "was two or three times the profit made by the St. Cloud miller in grinding his flour, and this difference in rate made the price of wheat in St. Cloud some six cents a bushel less than at Minneapolis or Elk River." And as an inevitable consequence "the producing value of land was greatly lessened in the vicinity of

St. Cloud." So we see that in the final analysis the farmers had to pay on their wheat a monopoly toll of six cents a bushel. And yet we are told that in the fixing of rates, to points where they are free from direct competition, the railroads have none of the powers of the monopolist!

Now the above case of discrimination against St. Cloud was an open one. The rates discriminating against the St. Cloud millers and in favor of those of Minneapolis and St. Paul were set down openly in the published freight tariffs. And grievous injury did such open rate discriminations work to the St. Cloud millers and the farmers contributory to St. Cloud.

Yet such open rate discriminations are not those that work greatest injury. Secret rate discriminations are infinitely more numerous and infinitely more evil, for they are not alone guilty of working injustice but of spreading immorality. For the secret rate discriminations giving to the recipients an unfair advantage over their competitors are hidden by fraud and deception, rest on dishonesty and corruption.

It is said in defense of the railroad managers granting secret cuts in rates that they are driven thereto by the press of competition, that large shippers demand a cut of rates and threaten to take away their freight, ship it over competing lines if such cut be not granted. And if refused such cut they will take their freight away and ship it over competing lines, even though granted no more favorable terms. And then the road that has lost the freight, anxious to regain it, suspicious that the roads that have it won it by a cut in rates, will in time seek to win it back by offering a cut in rates. And winning it back its rivals will exert themselves to regain that which they have lost, exert themselves to regain by secretly offering to cut rates. And thus it goes until rates become utterly demoralized, the large

shippers gain a great advantage, a crushing advantage, over their rivals, and a monopoly is created.

Such is the excuse made for secret rate cutting. Therefore if all the railroads were one, under one management, and were not rivals, such rate cutting would cease. And, as we have said, upon this assumption is founded the argument for allowing the railroads to pool their freight receipts on competitive traffic, combine into one great monopoly. But on this very assumption can be rested a better argument for government ownership of the railroads. For with the government owning the railroads there could be absolutely no playing off of rival roads, for rival roads there would be none.


This rate discrimination in favor of the larger shippers has been carried to a fearful extent. The railroad situation of a year ago was thus described by the Interstate Commerce Commission in its annual report:

"Tariffs are disregarded, discriminations constantly occur, the price at which transportation can be obtained is fluctuating and uncertain. Railroad managers are distrustful of each other and shippers all the while in doubt as to the rates secured by their competitors. The volume of traffic is so unusual as to frequently exceed the capacity of equipment, yet the contest for tonnage never seems relaxed. Enormous sums are spent in purchasing business and secret rates accorded far below the standard of published charges. The general public gets little benefit from these reductions, for concessions are mainly confined to the heavier shippers. All this augments the advantages of large capital and tends to the injury and often ruin of smaller dealers. These are not only matters of gravest consequence to the business welfare of the country, but they concern in no less degree the higher interests of public morality."

And referring to this situation the Commission, in its report of the present year, adds these words: "It is scarcely too much to say that, on competitive traffic moving between the great centers of trade, the published tariff was little more than a basis from which to calculate concessions and discriminations, with the result that shippers who failed to secure these unlawful favors were in many cases forced to do business at a loss and in some instances driven out of business."

Thus was business morality put at a discount, business immorality at a premium.

The Commission contends that the rate situation is much improved to-day as compared with that of a year ago. For the railroads have been so busy that they have been more concerned with finding means to handle the freight offered them than with cutting rates to get traffic from their rivals. But that rate discriminations are not now extensively enjoyed the Commission does not contend. Nor will we ever be free from the plague of such discriminations while the railroads remain in private hands, in the hands of those who will have it in their power to use the roads for the promotion of private ends and having such power will be sorely tempted to so use it; so sorely tempted that many must inevitably fall. Rate discriminations rising out of competition to win traffic may cease with that competition, with a pooling arrangement among railroads, if such should be authorized, but the most evil of rate discriminations never while the railroads remain in private hands and for reasons we have just hinted at. For while the power to fix freight rates remains in private hands the opportunities to use the railroads for the amassing of great fortunes without labor will be great, and such opportunities will be availed of. For many are there doing great shipping business who are ready to hand over enormous sums



to railroad managers who will grant them concessions in freight rates such as will save them greater sums. And many are there only too anxious to give to railroad managers an interest in enterprises in the expectation that such managers will reciprocate by granting cut freight rates to such enterprises, and thereby make their holdings in such enterprises valuable at the expense of the railroads whose earnings may be reduced by such rate cutting. And when men are so tempted they will fall to temptation, and so while we subject railroad managers to temptation—and so long as we leave the railroads in private hands with the power to fix rates in the hands of such managers we will subject them to temptation—we cannot hope to rid ourselves of the evil of rate discriminations.

It is true that the granting of such rate discriminations, and also the receiving of such discriminations is unlawful. But such discriminations, kept secret, are most difficult to prove, and the Interstate Commerce Commission is free to admit that while it "has made earnest and persistent efforts to secure the enforcement of the penal provisions of the law such efforts have been mainly unsuccessful"; that "whatever may be the reason for this failure, the actual fact is that convictions have been very few in comparison with the number of prosecutions instituted."

True, the Commission adds, that "it is not doubted that the penal provisions of the statute could be made much more effective by suitable amendment," though it is not so sanguine as to assert that such provisions could be made so effective and so enforceable that through criminal procedure the evil of rate discrimination could be stamped out. For the difficulties in the way of the enforcement of such penal provisions as are or may be prescribed, are almost insuperable. For we virtually are presented with cases where the guilty

can only be convicted out of their own mouths, all explicit knowledge of the rate discriminations that they are parties to being locked up in their own breasts. And you cannot convict men out of their own mouths if they have the wisdom to keep their mouths shut. And we cannot force a man to open his mouth to bear witness against himself. It is indeed proposed to get round this latter difficulty by providing that what any party to a rate discrimination case may say upon the stand shall not be used against him, and that such person so secured may then be obliged to go upon the witness stand. But even so we would not be likely to extract much information, for those who are parties to an unlawful practice, who have joined in a practice involving deceit and lying, may be expected to find in forgetfulness, in profession of ignorance, a safe shelter on the witness stand and not be deterred from asserting a false ignorance, or shammed forgetfulness, by any scruples against perjury.

In fine, the one effective way to rid ourselves of the evil of rate discriminations is to remove railroad managers from the temptation to grant them. And this we can do by taking the management of our railroads out of private hands and placing such management in the hands of the government. As Prof. Parsons says: "Wherever a vast property rests in the hands of private interests, the administration of that property will be more or less in the direction of the private interest and against or aside from the public interest. It is a fundamental maxim of business that property is to be managed in the interest of its owners, and, therefore, the only way in which property can be managed in the public interest is for the public to own it." If then the railroads are a property that ought to be managed in the interest of the public, and they surely are, let the public own them.

DISCRIMINATING AGAINST HOME INDUSTRIES.

[November 4th, 1899.]

ONE who will take the trouble to compare the market quotations for American grain in the Liverpool and New York markets will find that there is very little difference between them, that our wheat is sold in Liverpool, after transportation across the Atlantic, almost as cheaply as it is sold in New York, and if he will inquire into the ocean transportation rates he will be astonished to find that they amount, per bushel of grain, to more than the difference in price between grain in Liverpool and grain in New York, that it is not the New York price plus the cost of transportation that makes the Liverpool price, but something less. One would naturally suppose that in such case wheat would cease to be sent abroad, for the seller could get more for it by selling it in the New York than in the Liverpool markets. But all the same we do send wheat forward in such case, send it forward constantly and in great volume.

It is a curious phenomenon, indeed, to thus see men shipping wheat to Liverpool when they could apparently sell it on better terms in New York, when the Liverpool price, less the cost of transportation thither, is less than the New York price. And one not initiated into the intricacies of the grain trade, must in the first place be not a little nonplused to explain such a phenomenon—a phenomenon of men apparently working counter to all the laws of trade. But there are reasons for all phenomena, though sometimes we cannot see them. Indeed, as soon as we see such reasons the

thing we looked upon as phenomenon ceases to be such, and we find our phenomenon that we regarded as such, because appearing out of harmony with natural laws, not out of harmony at all. And so as we throw a little light on this grain trade phenomenon, the phenomenon of men sending grain to the Liverpool markets when apparently they could get more for it by selling it in our own markets, will such phenomenon disappear. In the light of the facts we shall give, and recently laid bare by an investigation of the Interstate Commerce Commission, it will be seen that there is nothing at all phenomenal about men shipping grain to Liverpool when the Liverpool price does not equal the New York price plus the cost of transportation, that the railroads, by freight discriminations, make it to their advantage to do so.

On September 1st, 1899, No. 2 wheat was quoted in the Liverpool markets at 5 shillings $9\frac{1}{2}$ pence a hundred weight (112 pounds avoirdupois), the equivalent in our money and measure of about $75\frac{1}{2}$ cents a bushel, while the same grade of wheat was quoted in New York at $73\frac{1}{4}$ cents. In short, wheat, American wheat, was bringing but $2\frac{1}{4}$ cents, or thereabouts, more in Liverpool than in New York, while the cost of shipping it from New York to Liverpool was three or four times such sum. Why, then, should any one want to ship, when the cost of shipping would exceed by three or four times the increased price that could be had in Liverpool? Yet we know grain was shipped, and it is not the first time that grain has been shipped under like conditions. And three weeks later, September 23d, the same grade of wheat was quoted in Liverpool at the equivalent of $75\frac{3}{4}$ cents a bushel and in New York at 74 cents in the elevator and $75\frac{1}{4}$ cents afloat. To-day the difference between the Liverpool and New York quotations is somewhat greater, about 4 cents, the

chartering of trans-Atlantic liners by the British Government for South African transport service having caused a material rise in freight rates, but it is just as much the fact as before that the difference in price between wheat in New York and wheat in Liverpool does not equal the cost of transporting wheat from New York to Liverpool. The difference is indeed greater than a few weeks ago, but so is the cost of transportation. But not to pick out any particular dates for comparisons, and take the averages for a whole year, so that the effect of any local influences such as temporarily disturb prices may be neutralized. In the year 1896 the average price of wheat in New York was 78.1 cents a bushel, the average price of American grain in London 27 shillings 1 penny a quarter, or less than the equivalent of 80 cents a bushel in our money and measure, yet we exported 57,000,000 bushels of wheat to Great Britain.

And so has it been all along of late years. A couple more cents a bushel could, indeed, be had for wheat in Liverpool than in New York, but to get wheat from New York to Liverpool would cost several times two cents. But wheat billed for export could be gotten to New York from the wheat fields for several cents less a bushel than could wheat shipped for domestic consumption! Here, then, we have the enigma and here the explanation. The railroads discriminate in favor of the export trade, charge less for carrying wheat intended for foreign consumption than for wheat intended for domestic consumption.

A general advance in grain freight rates was billed to take effect November 1st, but for some time past the open rate on wheat for export from Mississippi River points to New York has been 12 cents per hundred pounds, and on wheat for domestic consumption, 19½ cents, or 7½ cents more. That is, the domestic mil-

ler on the seaboard has been charged by the railroads $7\frac{1}{2}$ cents a hundred, or $4\frac{1}{2}$ cents a bushel more for the transportation of wheat from Mississippi River points to New York than has been charged the British miller. Thus is there discrimination against home industry—on the surface. But some Eastern millers who are engaged in the export trade have not apparently lost any ground. The reasonable assumption is that they have not paid the full transportation rates on the wheat they have used, but have been favored with a rebate. Again, these rates we have given are the open rates, and proportionate rates with proportionate discrimination in favor of export traffic are in force from Mississippi River points to other ports of shipment than New York. What the real rates are at which the bulk of the grain for export is carried we cannot tell. But we do know that the grain shipping trade at nearly all ports has become monopolized by a few shippers, who have driven numerous competitors of years gone by out of business and with whom men find it impossible to successfully compete. And why? Because they cannot get as good terms from the railroads, because to the favored few, and those who monopolize the business, the railroads cut the open rates. In short, 12 cents per hundred pounds is not the rate paid by the successful shippers; something less is paid, and, of course, those who do not share in the secret rates cannot compete. And so though $19\frac{1}{2}$ cents is the open rate on wheat shipped from Mississippi River points to New York for domestic consumption, it is not the rate paid by the successful millers who are building up an export trade in flour. They pay something less, something less than even 12 cents, the export rate, if we can believe our senses. Those who are charged the full rates are being, if they have not already been, squeezed out.

But, after all, what does the carrying by the railroads of wheat and other grain for export at lower rates than grain carried for domestic consumption amount to? Obviously it amounts to a payment by the railroads of a bounty on exports. And is the payment of such a bounty injurious? Rather is it not beneficial, as the railroads contend? And if so, why object to this discrimination? Such are questions that are very broad in their ramifications and not to be readily answered. That an export bounty, such as in effect the railroads now allow the wheat shipper, will encourage exports, we may for the time being concede. But to whose advantage will such bounty redound, the domestic producer or the foreign consumer—the domestic producer by enabling him to get more for his produce, or the foreign consumer by enabling him to buy cheaper? And here we may remark that if it does not enable the foreign consumer to buy cheaper it will in no way encourage him to buy more, and on the other hand if it does not enable the producer to get more for his produce he will be in no way encouraged to produce more. So it would appear that in order to stimulate an export trade a bounty must enable the foreigner to buy cheaper, while at the same time increasing the returns of the domestic producer. In short, the bounty must be divided between the foreign consumer and domestic producer in order to promote an export trade; that is, in order to turn trade out of its natural channels, and as the bounty must be thus divided between foreigner and native to effect its purpose and must be all paid by the native, it is evident that the people who pay the bounty stand to lose. And such a bounty the American railroads are now obliging the American people to pay.

Such is a general statement, but now to come down to the case in point. What is the result of a bounty

on the export of wheat such as our railroads now allow, of course at the expense of domestic consumers? The countries of Western Europe import from three to four hundred million bushels of wheat annually to make up the deficiencies in their own crops. In other words, they do not raise enough grain by three or four hundred million bushels to supply their own needs. That they could raise enough there is no doubt, but competition with wheat growers of foreign countries, more favorably situated for economic production, has caused the abandonment of wheat cultivation on an extended scale in England, where the farmer is unprotected by tariff duties, and retarded the growth of wheat cultivation even in protected France and Germany. But evidently any material raising of the price of wheat would lead to increased growing of wheat in these countries, and consequently decreased demands for the wheat of other countries. On the other hand, it is probable that offerings of foreign wheat in those countries at lower prices would lead to decreased production and so increased demands for foreign wheat.

Now of the foreign wheat consumed by the wheat importing countries of Western Europe we supply about one-half; Russia, the Danubian Provinces, Argentine, India, Australia, the large part of the other half. To increase our export trade in wheat we must, then, do one of two things or both. We must increase the demand of Western Europe for foreign grain by laying down our grain in Europe at such reduced price as will discourage and further limit domestic production in those countries, or we must capture part of the grain trade now held by Russia, Argentine, India, etc., capture it by laying down our wheat cheaper than they can. Now a bounty on wheat exports will help us to thus lay down wheat and may conceivably extend the


market for our wheat both by discouraging wheat production in Western Europe, and so increasing the demand for foreign wheat, and by squeezing down prices so as to cause other wheat exporting countries to relinquish to us a part of their trade.

But what have we to gain from a trade so increased, that is by taking less for our grain? It may be that to increase our trade we would not have to take as much less for our wheat as would be equivalent to the whole bounty, and therefore our producers would get more for their wheat because of the bounty. But if so, what must be the result of a bounty on wheat exports such as now allowed by our railroads? It must make it possible for Europeans, our competitors in many things, to get their bread cheaper, must make it possible for European manufacturers, availing of the labor driven off the farms, to scale down the costs of production so as to lay down their products cheaper in America, take a market from our mills and factories, throw employees of such factories out of work, and consequently reduce the domestic market for grain while driving those unemployed laborers to seek employment on our farms, driving down farm wages, driving down costs of production. And then would we have agricultural expansion and manufacturing curtailment in America, while we would have the reverse of this in Western Europe, with the result that, the producer and consumer being more widely separated, the cost of effecting the distribution of the products of labor would be increased with the inevitable result of decreasing the producer's share in the product of his toil, reducing his reward.

And so as viewed from the ground of public policy, the allowing by the railroads of the equivalent of a bounty on exports of grain is indefensible. And this the Interstate Commerce Commission holds. Yet it is power-

less to offer a remedy. "The railways insist," reads the report of the Commission on this case, "that it is a matter of no consequence to the Eastern consumer what rate is charged the foreigner, provided the domestic rate is a reasonable one. . . . To this proposition we cannot fully assent. In the first place, the foreigner is to an extent in competition with the American. Both are engaged in the production of articles sold in the same market, either abroad or in the United States. If the Englishman can procure the necessities of life cheaper than his American competitor, that gives him the advantage. A few cents per hundred pounds in the price of his flour would not be of itself a matter of great consequence, but the same sort of a preference applied to all articles which enter into his daily support, as well as to the product of his labor, may determine whether he or the American can manufacture for our own market even." And then after some characteristic "ifs" and vaguely qualifying remarks to the effect that a lower rate on grain for export than that for domestic consumption may sometimes be justifiable, the report of the Commission concludes, that "we cannot concur in the idea that any permanent system of rates which renders a service for the foreigner at a less price than is paid by the American can be just to the American;" and then these significant words: "Nor would we permit the continuance of such a system if we had the power to prevent it."

And why has the Commission not this power? Because the Supreme Court of the United States in the famous import rate case of the Texas and Pacific Railroad, vs. the Interstate Commerce Commission, ruled that the road had a right to transport goods of foreign origin at a lower rate than goods of domestic manufacture, that a through rate on goods from Liverpool via New Orleans to San Francisco lower than the rate



from New Orleans to San Francisco, was justified on the ground that the making of such a low rate was necessary for the building up of business between Liverpool and San Francisco, that on this ground no exception could be taken to the railroad charging a rate of \$3.47 per hundred pounds on dry goods from New Orleans to San Francisco while actually making a through rate with the steamship lines to transport the same class of goods all the way from Liverpool to San Francisco via New Orleans for \$1.07 per hundred pounds!

The Supreme Court declared that in order to get business the railroad was fully warranted in making such a gross discrimination against domestic produce. If conditions are such, virtually ruled the court, that foreign goods cannot be laid down at any railroad terminal point cheap enough to command a market if the railroads charge full rates on the transportation of such goods from port of entry, then it is proper for the railroads to allow such rebates on the carriage of such goods as will make possible their importation and distribution in the United States in competition with goods of our own production. In short, if our producers be taking the markets from foreign manufacturers, with the result that the business of the railroads in transporting imported goods is cut into, while the business of railroads carrying domestic-made goods is increased, it may be considered quite justifiable for the railroads that may deem themselves injured to help the foreign manufacturers hold the threatened markets, help them by reducing rates so that they may distribute their goods over American railroads more cheaply than American manufacturers can. Thus the nation might raise a customs tariff, to secure to American producers a certain market, and the railroads step in and neutralize such by discriminating in favor of the

foreign producer by means of a reduced transportation tariff. And such acts of American railroads, making nugatory acts of the American Congress, the Supreme Court held to be lawful.

Such was the effect of this remarkable decision, which, rightly enough, reasons the Interstate Commerce Commission, "must apply equally to export traffic, and upon its authority we are constrained to hold that, as matter of law, the Interstate Commerce Act does not prohibit a rail carrier from making a through rate from a point within the United States to a foreign destination, of which its division shall be less than the amount charged for the corresponding transportation of domestic merchandise to the port of export."

Yet do we ask with the Interstate Commerce Commission: "What reason is there why the foreigner who eats our wheat should have it transported from the Mississippi River to New York for 12 cents a hundred pounds, while the American is obliged to pay 19½ cents for the same service?" And we must answer there is none, none save our Supreme Court says he may.

But to pass this by, to take up a much more flagrant system of discrimination, discrimination destructive of an American industry. The railroads make a reduced rate on wheat shipped for export, and that is equivalent to the allowing of a bounty. Why should they not do the same by flour? Not to do so is to discriminate against the American miller, to encourage the grinding of our wheat destined for consumption abroad in British mills not our own. Yet our railroads do just this. Well may we ask why. Is it merely because the selling of our wheat in the grain rather than as flour insures to them more traffic, there being necessarily more freight if our wheat goes forward in the grain than in

the flour, or is it because the railroad managers have some personal interest in encouraging the export of wheat rather than flour, being interested with the great shippers of wheat, having arrangements with them for the division of rebates? But such questions must remain unanswered. Let us then pass to a consideration of the facts, or rather so much of the facts as laid bare by the recent investigation of the Interstate Commerce Commission. From the report of this commission on these export grain rates we quote:

“Considering the seaboard miller as compared with the English miller who grinds American wheat, both must derive their supply of the raw material from the same source. The American miller at New York pays the domestic rate, which is from the Mississippi River $19\frac{1}{2}$ cents per hundred pounds, while the English miller transports his wheat from the same point to New York at the rate of 12 cents per hundred pounds. Clearly, therefore, the Englishman has an advantage by reason of this difference in freight rate over the American of $7\frac{1}{2}$ cents per hundred. It also costs the American miller more to transport his product across the ocean than it does the English miller to transport his wheat; but this is a matter with which we are not concerned. Plainly the American miller at New York pays, if he pays the published domestic rate, $7\frac{1}{2}$ cents per hundred pounds more than the Englishman in bringing his wheat to the seaboard, and is therefore placed at a disadvantage to just that amount.”

But, as we have already remarked, there has been no falling off in exports of flour from the seaboard mills, and the reasonable supposition is that such mills do not pay the open rate, that the discrimination against them in railroad rates is apparent not real. And this, too, is the conclusion of the Commission. But with the interior mills the case is very different, they are

losing ground in the export trade, the discrimination against them is real and destructive. "Chicago," we read in the report of the Commission, "may be taken as a type of the interior milling situation, and to illustrate this situation we may select one Chicago mill. This mill had a capacity of about 1,500 barrels a day. The wheat which it ground was entirely spring wheat, and came from beyond the Mississippi River. In its export business it was in competition with the English miller who obtained his wheat from the same fields. The rate paid by the Chicago mill from the Mississippi River to Chicago was 5 cents per hundred pounds. That paid by the English miller upon the same wheat from the Mississippi River to Chicago was 1.8 cents per hundred pounds (that is, the proportion of the through export rate of 12 cents allowed the roads running from the Mississippi to Chicago). From Chicago to New York the Chicago miller paid upon his manufactured product 17 cents, while the English miller paid upon his raw product 10.2 cents, making a total difference in cost at New York against the Chicago miller of 10 cents per hundred pounds."

Now this is not quite a fair statement of the case, for the English miller has to pay the freight forward from Chicago on five pounds of raw product where the Chicago miller has to pay freight upon but four pounds of manufactured product, it taking some five pounds of wheat to make four pounds of flour. Therefore, the discrimination in favor of the British over the Chicago miller is about $7\frac{1}{2}$ cents per hundred pounds. Further, the Milwaukee millers showed the Commission "by many illustrations drawn from actual rates, a discrimination of from 4 to 11 cents per hundred pounds." And a like story had the millers of all interior points to tell, all save the millers of Minneapolis and contingent points who enjoy an export rate on flour, a lower

rate on flour shipped East for export than flour shipped East for consumption. But, generally speaking, the rate upon both flour for export and flour for domestic use is the same, and also the same as is the rate on wheat for domestic use, while the rate on wheat for export is much less. And so against all the millers of the interior, save those of the Minneapolis territory, there is railroad discrimination of the grossest kind, discrimination that is destructive of their trade, for the profits of their competitors are less than the discriminations, and so with such discriminations to work against there is left no profit for them in the trade.


And so are our railroads discriminating against our home industries and in favor of British, and our Interstate Commerce Commission unable to prevent it, impotent, admittedly powerless. When will such destructive discrimination be no more, when will there be equality of rates offered by our railroads, when will men be accorded equal chances? Our experience teaches us not so long as our railroads are run for the promotion of private interests regardless of the general weal, and they will be so run so long as they are left to be managed and operated by private interests. Nor is it reasonable to expect anything else. When public ownership, government operation and management takes the place of private, then, and not before, may we look for better things.

AN ALLEGORY.

[June 4th, 1898.]

BEYOND the waves of a tempestuous ocean, three thousands of miles from nowhere, there lay a vast continent of untold natural resources, of agricultural resources unsurpassed, of mineral wealth unmeasured, a continent peopled by a race of industrious, energetic and inventive people, well versed in the arts of agriculture, mining and manufacture, well skilled in reading nature's secrets, following nature's ways and making the most of the great natural resources of their country, and withal a people inherently progressive, ever intent on climbing to a yet higher plane, making labor more productive, and their command over the boundless forces of nature greater and greater. A virgin soil of unsurpassed fertility welcomed the husbandman and encouraged him to fresh efforts, while hidden away in the bowels of the earth were vast stores of coal and iron, copper in deposits of marvelous richness, lead and nickel and the lesser metals in abundance, while the rugged mountain ranges of this marvelous continent bore veins and deposits of the precious metals of a fabulous richness.

Thus hidden away in the earth were vast stores of mineral and agricultural wealth, a nascent wealth only waiting to be uncovered and developed to become appropriable by man to his uses, the promotion of his comfort and happiness. And in thus developing the unparalleled resources at their disposal the people of this continent had made great progress. Under tillage they brought the fertile soil until there was no dream




of scarcity, but such an abundance of food raised that much was spared to feed the peoples of other lands. There was a period in the history of this continent when food was often scarce, when the fear of want and famine was ever present, when almost all men were tilling the soil. But that time was long since passed. Year after year a lesser and lesser proportion of the people were occupied in tilling the soil, yet year after year a greater abundance of food was raised. It was because agricultural labor became more productive, because better soils were brought under cultivation year after year, because better instruments of tillage and more economical means of harvesting were brought into use.

All this came with the accumulation of wealth. At first the lighter though poorer soils were cultivated. They were cultivated because the needs of the people were pressing, because there was little surplus production of food that those who did not raise their own food could depend upon. Consequently nearly all men had to engage in raising crops and they had to occupy those soils that could be readiest cultivated and brought under tillage at once. These soils were of course the lighter soils on which grew little underbrush amidst the forest trees, soils in which the efforts of the husbandmen were not handicapped by roots, and soils that needed no artificial drainage. Thus the heavier and richer soils were passed by, passed by because they could not be cleared and a crop raised the same year, because several years' time was required before such soils could be brought into a condition fit for tillage. Therefore the poorer soils were at first cultivated. And then it was that there was scarcity and fear of scarcity, then that agricultural labor was least productive.

But as year followed year, and the lands first tilled

became more readily tillable, and at the same time, because of better tillage, more productive, more and more food was produced proportionately to the number of people. Thus the surplus food that each husbandman produced beyond his own needs grew, as it grew it became available for the support and therefore employment of men to bring the more fertile lands under cultivation, of other men who would occupy themselves with making farm tools and of still others occupying themselves with the manufacture of clothing, the spinning of wool and weaving of cloth that had before been done on the farm, but with primitive facilities, and at much greater expenditure of labor. Thus did labor become more productive, steam and electricity, heretofore unrevealed forces of nature were harnessed, the arts of metallurgy were mastered. So the nascent wealth of the earth, the wealth that nature offers to those who work in harmony with her laws, the wealth of the soil and the bowels of the earth was uncovered and appropriated. Blessed with a territory of such great natural wealth, and developing the natural resources with a marvelous successfulness and rapidity as the result of diligent application to mastering the laws and forces of nature, the people of this continent produced and gathered wealth on a scale never before approached. The soil, under the industrious and skilled cultivation of a smaller and smaller proportion of the total number of people, produced more than an abundance of food for all, the mineral wealth of the country was uncovered, mines were opened capable of producing more coal and iron than there was demand for, furnaces and rolling mills were in existence capable of meeting all the wants of the people for iron and steel, woolen and cotton mills of a productive capacity greater than the demands of the people were in existence.



Thus there should have been an abundance of food, an abundance of clothing for all, for an abundance was or could be produced. Yet there was not abundance. Thousands of men of industrious habits, skillful workmen, could find no work, their families suffered from want of food, were without sufficiency of clothing. Year after year the farmer produced more food, year after year his labor became more productive, yet the recompense for his labor became less and less. From his labor his country grew richer but in the enrichment of his country he did not share. So also did there come a greater and greater use of more and more economical machinery, and therewith the labor of the factory hand became more and more productive. He produced more wealth, but proportionately to the wealth produced got less.


So there was a country peopled by an industrious and wealthy people, a people of unequalled productive power, yet a country where the few reaped the benefits of the increased productiveness of labor, where the many sowed but did not reap, where the few gathered the wealth, the industrious, poverty. Naturally where there should have been happiness there was discontent, where there should have been universal abundance and comfort there was general scarcity and suffering. Thus a people blessed by nature found themselves under a curse. They saw that their efforts were cursed, and as they were not cursed by nature they must be cursed by man. And this curse they found in the shape of a toll exacted on all interchanges of the surplus products of labor and by those who rendered nothing in return, by those who did not facilitate such interchanges but retarded them.

These arbitrary tolls being dexterously mixed up with tolls charged for services actually rendered had long passed unnoticed. Thus had certain persons been

granted the right to build and operate the steam highways of the nation. For the transportation of freight and passengers over these highways they were freely given the right to charge tolls, and thus recompense themselves for the costs of building, keeping up and operating such highways. That they should be so paid for services rendered in the transportation of goods and passengers was right and just. No one complained. But it happened that they charged tolls that were more than ample to recompense them for their outlay, charges that were more than fair consideration for services rendered.

In brief, they added to their charges simply because they had a monopoly, charged the people for the use of privileges that the people had given them. Part of their charges were for services rendered, part were toll exacted by monopoly. But mixed up together it was hard to pick out what were just charges, what monopoly charges. This was made increasingly difficult by the way in which the railroads kept their capital accounts. For example, they universally issued stocks and bonds purporting to represent a greater investment of money than ever went into the construction of the roads. In a word, they unscrupulously, not to say fraudulently, watered their capital accounts so that it was made to appear that the roads cost two times or more what they actually did. And so what was an exorbitant return on the real cost of a road was often made to appear quite inadequate.

Of course, those men to whom this watered stock was issued grew rich, while the industrious classes, having to pay a toll to monopoly on the interchange of the products of their labor for the products of others, were deprived of the full profits of industry. Those persons to whom this watered capital was issued by the railroads were those who did what was called "financing



the roads," and the railroad managers. Thus the railroad managers issued watered stocks and other representatives of capital to themselves and to those promoters and bankers who helped them in the operation.

But this was far from the worst side of railroad management. The worst was management so as to stifle some enterprises and enrich others, so as to bring prosperity to some localities, stagnation and destruction to others. This was done systematically. To one enterprise in which the railroad cliques had a part ownership interest, or to one in which railroad managers were given an indirect interest in return for special privileges, certain favors in transportation rates and services were granted while all other competitive enterprises were discriminated against. That is, to the favored enterprises, lower freight rates were given, both in the gathering of raw materials and in the marketing of the products, than were charged their competitors. Of course, the favored enterprises could produce cheaper and distribute cheaper than their competitors, so undersell and bankrupt them. This they did for it was to their interest. The favored cliques then stepped in and bought up the bankrupted properties. So doing they gathered the savings of others' industry, and at the same time gained a monopoly.


Possessed of the properties that once belonged to competitors they removed the discriminations against such properties, and that had made them unprofitable. Of course, such properties again became profitable, while all the clique enterprises, thus possessed of monopoly through railroad aid, built up their profits higher and higher by the charge of monopoly prices. Thus fortunes gathered rapidly on this turn of the wheel, but they were gathered by cutting down transportation rates, and so at the cost of the railroads. If the cliques had then possessed the railroad securities,

of course this loss would have fallen upon them. But they were not so short-sighted as to put themselves into the position of robbing Peter to pay Paul, or rather self to enrich self. Before they wrecked any railroad by robbing it they took good care to sell their ownership in it, or at least that part of it represented by stock and junior bonds. When they put up rates on a line of road with the view of crushing out the enterprises on that road that were competitors of the clique-owned enterprises, the earnings of such road were naturally swollen, for the earnings, the very vitals of the competing industries, were sapped to this end. This made interest payments and dividends on watered capital possible, gave an apparent value to the stock and junior bonds, and caused such securities to appreciate in selling value, a deluded public being tempted to buy. And then the cliques sold. As a result the public had the securities of the road when the cliques wrecked it, and thus were investors stripped of their accumulations.

Of course, the low rates that wrecked the railroad made the enterprises along it, and favored by such cut rates, profitable. As a consequence they became salable at appreciated values and the cliques were enabled to dispose of them at a good profit and buy up the wrecked road with the proceeds. Then the operation was repeated.

And so it went on until the wealth of the country became centralized in the hands of a few railroad cliques. They made the curse that blighted the prosperity of an otherwise blessed people, they made the curse that shut off men from the enjoyment that should have come with the increased productiveness of their labor.

Awakening to this, at last, this people resolved to break the curse put upon them by these cliques. As



an entering wedge they resolved to build a railroad of their own across the continent, a highway that would serve the public not the cliques, that would promote the interchange of commodities and stimulate industry by insuring to all men the fruits of their labor. There was ample labor in the country and out of employ to make the cuttings, build up the fillings, grade the road-bed and lay the track; there were rolling mills without employment quite capable of rolling the rails, there were mines of iron capable of supplying the needed iron ore, mines opened and ready to supply the coal to smelt it, above all were there idle miners only too anxious to mine the needed iron and coal. So, too, were there masons and bricklayers innumerable who were ready to do the needed work, so there were bridge builders, locomotive and car builders, and men ready to make all kinds of track supplies.

Thus within itself the country had all the resources to build the road. The farmers were only too anxious to raise the food that the men employed in constructing such road might need, and they were more than capable of producing food in abundance. And so could the manufacturers of clothing easily keep the men who would be engaged in such work of construction, fully clothed. Such manufacturers were without work simply because the men who would thus be given employment were without work or money and unable to buy the clothes they needed. Simply because the workman out of work was stinting himself and family in food, simply because he could not clothe himself and his decently, simply because the farmer could not find remunerative markets for his products or the manufacturer for his, the productive force of the country was restricted. Such was the condition when the people of this great unnamed continent, a people blessed by na-

ture, cursed by the greed of man, resolved to build a railroad across their continent.

Then to the government came an agent of a foreign banking house, and on behalf of that house, offered to loan the money, at the rate of 3 per cent., needed to build the road. But the wise man whom the people had put at the head of their government replied:

"Do you propose to import an army of aliens and loan us their labor to grade the road and build the roadbed?"

"Oh, no!" was the reply, "that your own idle people will supply; they will make the cuttings and the fillings, they will construct the road."


"What then do you propose to loan us," inquired the wise man, "the steel rails, or the bridge structures, or the track supplies, or the rolling stock?"

"Oh, no! all that your own people will supply; they will make the rails, they the bridges, they the track supplies and rolling stock, they will build the road."

"What then will you do?" queried the wise man.

"Why, supply the money, to pay the labor, to buy the rails, the locomotives," was the reply.

"And that will the people supply for themselves," was the response. "For that they will pay you nothing. They create the road, with wealth of their creation it must be built, with their capital not yours will it be constructed. To build the road you offer no capital, you offer but the representative of capital. And if our people must create and contribute the capital they can create the representative of capital, the money with which to pay the labor, to buy the rails, the locomotives, the cars. Money is but the mere representative by which wealth is exchanged, by which the product of one man is exchanged for the product of another, and the people who can create the wealth need not borrow the instruments by which it may be



exchanged. Those instruments they can make for themselves, those instruments they shall now make. The government will issue notes, each of which shall read, 'This note will be received by the government railroad at its face in payment for freight and passenger charges and by the National Treasury for all taxes and public dues.' This will give these notes an exchange value at once, this will make them pass as current money, this will make them acceptable by all merchants having dues to pay to the government, and being so acceptable workmen will gladly accept them in payment for their labor, knowing that they can exchange such notes for the food and clothing that they need; the maker of steel rails will be only too glad to take them for his product, knowing that he can pay labor with such notes and meet the other costs of production. So the issue of these notes will give employment to labor, will make increased demand for the products of farm and factory and mine by those who are now half starved and half clothed; there will come prosperity for farmer and manufacturer and wage-earner alike; the railroad will be built simply by stimulating the productive abilities of the nation into activity, and built by the exercise of energies that would not otherwise be exercised, the employment of labor that would otherwise be idle.

"When the notes issued for this purpose are received by the government either for taxes or dues or later in payment for the transportation of freight or passengers over the government road," continued the wise man, "they will be effectually redeemed. But to cancel all such notes when received in payment of taxes would inevitably cause a great hole in the public revenues, a hole that would have to be filled by new taxes. If this was done it would amount to building the road by general taxation. Again, to cancel all such

notes when received for the carriage of freight or passengers by the government road would, if a large part of the receipts were in such notes, entail a deficit in the operation of the road; for about two-thirds of the receipts of railroads, on a basis of present average transportation rates, are absorbed to meet operating expenses. The other third remain as profits. Therefore the notes issued by the government to pay for the construction of the road, and received in payment for transportation services, cannot be canceled in a ratio of more than one-third of the notes received without causing a deficit which would have to be met by general taxation. That portion of the notes received for transportation that would be required to meet the costs of transportation would have to be reissued when received, that portion received as profits on transportation might be canceled. Therefore it shall be provided that these notes shall be receivable at their face value for all taxes and public dues and government railroad charges, and when received for taxes or public dues shall be reissued; when received by the government road such proportion shall be reissued as will meet the costs of operation, such proportion as represents profits shall be retired. Built and operated after this manner the road will pay for itself in a few years, and at the end be the property of the people. Built by borrowed money the people would pay for it within a few years, but at the end it would be the property of the cliques."

So said the wise man to the agent of the foreign banking house, who proposed that in breaking the curse of the railroad cliques the people should shoulder the curse of a bonded slavery. Thus those, who, seeing the people bestir themselves to throw off the curse of the railroad cliques, sought to cast over them another curse, were baffled. So was the railroad built, so were

the railroad notes issued, so was life instilled into all industry, employment given to labor, and prosperity reigned.


It was seen that as the road paid for itself out of profits and the notes issued to pay for its construction were canceled, there would come contraction, falling prices, industrial stagnation, unless such contraction was provided against. This was done by providing for the construction of new public works and the issue of new notes as the old were canceled, thus guarding against contraction and providing for a steady increase in the volume of currency concurrently with the increase of trade and expansion of industry.

As the old notes were paid off out of profits, transportation charges were reduced to a point so as to yield a revenue only equal to the costs of transportation. And this reduction was very material, for as rates were reduced traffic increased and the costs of transportation concurrently decreased, for the larger the volume of goods and number of passengers transported the less is the cost ton for ton and passenger for passenger. Besides, the vast sums that had been exacted from shippers but that never found their way into the treasuries of the clique-managed roads, being paid to the cliques as rebates for favors granted at the expense not of those granting the favors, but of the investors in railroad property, were saved. So the cheapening of transportation resulting from the construction and operation of railroads by the government was very great, and the interchange of commodities, and hence diversification of industries, leading in turn to greatly-increased productiveness of labor, was infinitely encouraged.

But this was not the only benefit by far that accrued to the people from this new policy, for this new policy was the means of establishing an honest monetary sys-

tem. It was noted that the increase in the volume of currency caused by paying out currency on account of railroad construction caused a greatly-increased demand for all lines of goods to spring up. It was also noted that any contraction in the volume of currency caused a shrinkage in this demand, a general fall in prices, undermining of profits and shrinkage of business. And so was it noted that as the volume of currency was expanded and greater employment offered to labor wages rose, and that unless the government raised the rate of wages offered as pay for labor employed on government works any inflation of the currency would check itself, for men refusing to work for such pay the opportunity to put such notes into circulation would be closed. It was further recognized that inflation, causing sharp and speculative rises in prices, unsettled business even as did contraction, causing sharp and great falls in prices; that the money calculated to promote industry was honest money that would neither rob the creditor on the one hand or the debtor on the other, but that would secure to men the fruits of their toil, so that the most industrious would be vouchsafed the greatest rewards.

And it was seen that honest money was money of invariable purchasing power, and that the volume of money should be so regulated as to insure such stability in values. With the general progress of invention and society labor of course becomes more productive, and if wages do not rise proportionately prices will tend to fall. But if prices do fall the creditor classes will share in the increased productiveness of labor which they have done nothing to bring about, which is not the fruit of their energy but of the energy of others, and in such they have no right to share. The only way labor can fully profit from its increased productiveness is through rising wages. Prices should be



kept stable, and as labor becomes more productive wages should rise.

Therefore it was seen that the general level of prices should be the measure of honest money, that the volume of money should be so regulated as to keep prices stable, that this could be done in connection with the construction of government railroads and public works. By making employment for all the idle the government provided for an issue of money in sufficient volume to enable the people to make the utmost of their productive capabilities. Any undue inflation and rise in prices soon checked itself in two ways. First, by the increased profits of industry stimulating individual enterprise, causing competition among employers for the services of wage-earners, thereby raising wages and consequently diminishing the inclination of men to accept government employment. Consequently the opportunities for the issue of currency were curtailed as there was inflation, while the constant cancellation of notes out of the profits of government enterprises not being made good by new issues contraction soon followed until the danger of inflation was past. If such contraction went so far as to threaten to destroy industrial activity by undermining profits, such contraction was soon checked; for, the moment men found themselves thrown out of employment by curtailment of production caused by contraction, falling prices and shrinking profits, they sought government employment, were paid in government notes, and thus the currency expanded until the fall in prices and shrinkage in profits was checked.

With the progress of invention labor became more productive, and if the volume of money had been regulated by the rate of wages paid by the government, and that rate was arbitrarily fixed, prices would have certainly fallen and injustice have been done. But by

regulating the rate of wages by the general level of prices, raising such rate whenever the general level of prices was found to have fallen, and in this way encouraging an increase in the volume of currency sufficient to restore the general price level, such price level was made to regulate the volume of money and an honest measure of values secured.

So to all men were secured the fruits of their toil, each man's industry and capability became the measure of his own success; thus were men rewarded according to their due, industry freed from all its handicaps flourished, there was no longer heard the plaint of the idle, no longer the spectacle of a great people wasting their productive force, but of activity, happiness, contentment, of unrivaled prosperity.

For the people of the United States this unrivaled prosperity is not unattainable. It is ours if we throw off the curse of the railroad and moneyed cliques that now blight our fair prospects. Suppose we set about it and prove ourselves worthy of our heritage.

THE ALCHEMIST'S DREAM.

[July 1st, 1899.]

WEARIED by long standing over test tube and retort, despondent with half conviction bred in upon him by oft-recurring failure that he was pursuing a deceptive and fruitless trail, racked in body and in mind, the alchemist sank into his chair, fell into the troubled sleep that gives to the mind no rest, and dreamed:

In the very depths of despair, with his fondest expectations unrealized and almost ready to admit to himself, as a scoffing world of science had long drummed in his ear, that they were indeed unrealizable, that he had thrown away his life in search of the undiscoverable, he leans despondently over his blow-pipes and retorts with his heart filled with conflicting emotions, with despair getting the uppermost hand of hope, at the point of sweeping his test tubes and retorts from off his table into one great rubbish heap as so many seductive tempters that have been the ruin of his life. In this despondent mood, with all the world black before him, with death with all its uncertainties more alluring than life with its sea of shattered hopes, he mechanically picks up a vial of acid and pours it over one of the baser metals heaped in hopeless confusion before him. And as he vaguely looks, with eyes rather focused on a more distant vista, he sees a change, a decomposition, going on before his eyes, and lo! as he looks, the sparkle of gold, standing out from the baser metal, strikes his astonished eye. Forgetting the dis-

mal forebodings of a moment previous, absorbed with what he sees before him, with reawakened hope he repeats the experiment, only now so mechanically and heedlessly made, with all senses alert. And again he sees the same startling results, hope gives way to conviction, the philosopher's secret is his, gold is not a primary element at all, but a compound, one of the components of which is in the acid, one in the baser metal, that by bringing the two together gold can be made. Periodic systems of the chemists may teach to the contrary, prove that this cannot be, that gold is a primary element, that as such it cannot be made by man, for there is nothing to make it out of. But here is the evidence of accomplished fact: gold is a compound, can be made and the secret is his, the derided alchemist's. But now the derision he can stand, visions of wealth float before him, and, guarding well his secret, he proceeds with feverish haste to make gold. So laying in stores of the baser metal and fortune-giving acid he secretly plies his trade, piles up gold upon gold, million upon million that he piles away in his vaults.

But at last, worn out with his labor, longing for rest and a life of ease in which he may realize the pleasures that his wealth can give, pleasures that are foreign to him while his gold lies piled up in one great hoard known only to him and to which he labors to add, he stops his toil and thinks. And then he realizes that his hoarded gold which brings him no return could be made to yield him a princely income, an income that would assure him of all the material pleasures that mortal man can want, and without impinging at all upon the principal of his wealth, if only he should invest such gold in bonds and debts, loan it to his fellow-men.

So he muses, muses that if he is ever to reap pleasure

from his wealth and enjoy a life of ease the time is now, and thus thinking, he takes himself to his banker, explains that he has ten millions of gold which he wishes to invest in government bonds. But the banker, frugal man with eye open to the main chance and with irons of his own in the fire to roast, explains that gold so invested will yield but $2\frac{1}{2}$ per cent. a year, a very meagre return, but that he knows a way in which it can be invested so as to yield a good 6 per cent. as interest, and a profit through an enhancement of the value of the principal besides. And then the banker explains. A railroad is projected through a rich country, a railroad that will tap a country, here rich in agricultural products, here in timber, here in minerals of coal and iron. And to build this railroad several hundred miles in length it is estimated will take ten millions of hard cash, but that it is proposed to capitalize it at much more. Twelve million and a half of bonds it is planned to issue and as much stock besides. "Now," says the banker, "these bonds which bear interest at 5 per cent. I will sell to you, Mr. Alchemist, for 80 cents on the dollar. Then you will get \$12,500,000 of bonds for \$10,000,000 of gold, and this will be enough money to build the road, which it is estimated can readily earn enough money to pay not only interest on the bonds, but a dividend on the stock besides. Getting twelve millions and a half of 5 per cent. bonds for ten million dollars, the interest on your investment will be really $6\frac{1}{4}$ per cent. a year, and besides I am authorized to give to you a bonus of one-fourth of the capital stock. The rest of the capital stock is of course to be distributed among the promoters and those who have advanced the preliminary sums for organization and survey as recompense for their services."

Quite taken with this proposition the alchemist closes with it, hands over his \$10,000,000 of gold, gets

Alchemist

back \$12,500,000 of bonds, certificates for \$3,125,000 of full-paid and non-assessable stock, and retires with such to live at ease upon the promised income. And regularly thereafter at semi-annual periods he clips the coupons from his bonds, so collects the interest and lives in magnificence. Meanwhile the road is built, the country through which it runs develops, iron foundries and steel mills are built, lumbering enterprises multiply, traffic increases, the earnings of the road increase, interest on the bonded debt is more than earned, a surplus accumulates and at last a dividend is paid upon the common stock. With all this apparent prosperity the bonds of the road rise until far more than par is offered for them, while the stock of the road also advances.

Then Mr. Alchemist, who bought these bonds at eighty, and thinking of the profit he might realize by selling such, goes and sees his banker. "The bonds," says the banker, "I can sell for you for more than par, sell the twelve million and a half of bonds so as to realize you fifteen millions of dollars and invest the proceeds so as to yield you six per cent. Thus where you now get \$625,000 as interest on the bonds you can draw an income of \$900,000, increasing your income \$275,000 by a simple change of investment. The stock of the railroad, one-fourth of which you hold, is now paying a dividend of 5 per cent., promises to continue paying such or a higher dividend, and is selling for 80 per cent. of par. The balance of the stock, \$9,375,000, I think I can get for you at 80 or for \$7,500,000, and the stock at such price will yield you $6\frac{1}{4}$ per cent. So for one-half of the sum you may realize from the sale of your bonds I can get you such stock and for the other half an equal amount of equally good stock of an allied road."

So Mr. Alchemist figures that for his \$12,500,000 of


bonds paying 5 per cent. he can get \$18,750,000 of stock paying 5 per cent., and this striking him as a very favorable proposition, he closes it. Adding this to the stock already held he finds himself the possessor of a fortune, as represented by railroad stocks, of \$21,875,000. And then he returns home to take up the even tenor of his ways, live his life of ease.

Several years pass without a cloud or speck on his financial horizon to trouble him. A decade has gone since he first invested in this road, put aside his retorts and crucibles, began to live a life of ease, gather the fruits of his wealth. He awakens one morning to find to his surprise that the roads whose stocks he holds have passed their dividends, he begins to realize that the income he had looked on as assured is no more. Much troubled he seeks his banker. From him he learns that freights have been forced very low by the pressure of competition, that the earnings of the roads have been much cut into though the traffic has been well sustained, that the outlook is gloomy, that indeed default of interest on the bonds and receivership for the roads is not impossible. Thus more than ever alarmed he turns to the banker, which gentleman points to the prosperity of certain industrial establishments, certain iron furnaces and steel mills, the securities of which can be bought at a price promising fair returns, and advises poor, disturbed Mr. Alchemist to sell his railroad stocks, which still can be sold, though the sacrifice must be great, and invest the proceeds in the dividend-paying stocks of the aforesaid industrial establishments. This advice Mr. Alchemist decides to act upon, and directs the banker to sell his railroad stocks and buy the stocks of said iron furnaces and steel mills. When the transaction is completed he finds his fortune of twenty odd million of dollars in-

vested in railroad stocks shrunk to ten millions invested in industrial stocks.

Yet he has still a fortune as large as he made in making gold and soon he finds cause to congratulate himself, the railroads in which he had investments going into receivers' hands, the stockholders being threatened with the prospect of an assessment, and at the same time an issue of second mortgage or junior bonds to come in between the first mortgage bonds and the stock, and on which, of course, interest would have to be earned and paid before anything could be divided among the stockholders. Later he sees all these prospects realized, he rather felicitates himself on his good luck than broods over his loss, and for a year or two he is little concerned.

But then one of the industrial corporations in which he has invested reduces its dividends, to be followed by another and another. Looking over the reports he discovers that their profits show a diminution as compared to other years. He inquires as to the cause, and is told that competition with other establishments situated along other roads has grown more severe, that they have found it hard, indeed impossible, to hold their own with such establishments, which seem to be outstripping them. Thus it seems to him that the paths of the industrial plants in which he has invested are strewn with thorns. He asks why it is that rivals are outstripping them, and the managers cannot explain. Is it that such rivals are so situated as to produce more economically and so sell cheaper? His managers deny it. Is it that they are better managed, more up-to-date, more alive to the progress of science and the needs of the trade? His managers are loath to admit it. But what then? They are at sea, cannot explain, and yet as month follows month it becomes more and more evident that they are being outdis-



tanced, hopelessly outdistanced. They struggle hard to hold their own, cut prices to hold trade until there is not a sufficient margin of profit in production to earn dividends and dividends are passed, until there is not enough margin to earn fixed charges, and they are driven into bankruptcy. Thus with ever-increasing uneasiness and feeling of utter helplessness Mr. Alchemist witnesses one industrial plant after another in which he has invested pass its dividends and drift into bankruptcy, to be followed by foreclosure sales and the wiping out of his holdings until at last he is left penniless, stripped of his great fortune.

And then he muses on this great change in fortune, runs his memory back over the years, investigates and he sees things that he did not see before, things of which he had not dreamed. He sees that he made ten millions of gold with very little actual labor; he sees that this gold built a railroad, developed a fair country, put life into trade and industry, gave employment to men. He sees it paid the men who graded the road-bed and laid the track, he sees that it paid for the ties and rails and bridges. He recalls that for this gold he got twelve and a half millions of bonds and one-fourth as much stock while three-fourths as much went to the prime promoters of the road. He sees indeed that the road was capitalized for \$25,000,000, or two and one-half times what it really cost, and realizes that when it was paying 5 per cent. on bonds and stock it was really paying $12\frac{1}{2}$ per cent. on cost, that as it paid interest on the bonds from the very beginning and began paying dividends on the third or fourth year it really paid for itself inside of a decade. And he sees that the people who paid the freights thus paid for the road, but that under this system they would never own it, never mind how many times over they might pay for it. He is startled at this thought and questions: Is this right?

The world answers yes, those who build the road should have interest on their investment, otherwise they would not build.

But who built the road? Did he with his ten millions of gold or was it they who graded the roadbed, laid the track, cut the ties, rolled the rails, built the bridges? His ten millions he sees was but the grease that set the wheels revolving, put labor to work. But should he not receive a good interest for the use of grease so valuable? The world answers yes. But after all, what did this grease, what did this ten millions cost him? Did it cost him enough to entitle him to the fruits of the toil of all those engaged in the building of the road, to the actual ownership of that road? Was his labor in making this ten millions of gold as valuable indeed as the joint labor of all those who built the road, so valuable indeed that the ownership of the road itself and interest thereon forever, interest at $12\frac{1}{2}$ per cent. per annum, was only a fair recompense for its use? True, he did not get this exclusive ownership; finally he lost even part ownership, for the bankers had wheedled him out of it. But this did not change the primary fact, and he marvels that such a thing could be so.

But he investigates a little more, looks a little further behind the curtain. He sees that when the banker induced him to put his gold into the bonds of a prospective railroad that such banker and associates went off and invested in undeveloped coal and iron and timber lands, and also town sites along the line of such road. And when such road was built they were thus in position to reap first profit from the development of such lands. In all the great enterprises, in consideration of their ownership of these lands they were given a share, and so in the mines and in the industrial establishments, the iron furnaces and steel mills, they

became part owners. And as these mills prospered they prospered. Finally, after Mr. Alchemist was induced to sell his railroad bonds and invest in railroad stocks, these speculative bankers with these industrial interests began to bleed the railroad for the advantage of such industries, with the final result that the railroad dividends were passed that the dividends of the industrial plants might be increased, all of which was used to induce Mr. Alchemist to sell out his railroad stocks, thus systematically depreciated, and invest in industrial stocks thus systematically appreciated, incidentally parting with half his fortune in the operation. To all this Mr. Alchemist awakens, and he further sees that this change made, the bankers having also changed their investments, buying what he sold and selling what he bought, also changed their tactics. They began to bleed the industrial establishments that the profits of the road might be built up, interest paid on watered capital, dividends declared, and above all that industrial plants in which they were interested and situated on other roads might prosper. So discrimination in freight rates such as to make it impossible for the establishments in which Mr. Alchemist had invested to assemble the raw products of manufacture and market the products as cheaply as their rivals. And so in the race they were outdistanced, so bankrupted. This Mr. Alchemist sees; the answer to the unexplainable he has. He sees that some one other than himself has discovered a philosopher's stone, and a stone, though different, withal so effective as to have been the means of stripping him, him of the philosopher's stone, of all his gold.

And now a poorer but a wiser man, he soliloquizes. If I made the money that paid for several hundred miles of railroad, developed a section of the country, set labor to work, why could not the government make

money to do the same work? And if it could, which it obviously could, why should it not and thus secure the ownership of such road to the whole people instead of some few, secure the profits of such road for the whole people instead of making it a charge upon the whole people for the enrichment of the speculative cliques? Is it that if the government should so issue money so much would soon be issued as to so inflate the currency as to destroy confidence, with the final result that such currency would cease to pass current and men resort to barter in the exchange of goods, fearing to take that which was steadily depreciating? But, no, it cannot be this, for, drawing a lesson from his experience, he sees that out of profits the road he built might have retired all the money issued to pay for it in the course of eight years. Thus the roads themselves would retire the money issued to build them, thus leaving room for the issue of more money to build more roads as needed, and thus would the people come to own their own railroads, thus would over-charges and the evils of freight discrimination, so destructive of honest industry, so inductive to fraud and dishonesty, bribery and corruption, cease.

And then our alchemist awakens from his dream to the fact that the philosopher's secret is not his, that he has neither made nor lost a fortune, but with the truth borne in upon him that there is a philosopher's secret known to many, used by many, but far different from that he sought and that there is a philosopher's stone that the government can make, a stone by which idle labor can be turned into productive, wasted labor into wealth, life breathed into industry, hard times, idleness, and want bred of idleness banished from the land.

OUR DAY OF SORROW.

[February 11th, 1899 — one week after the outbreak of the Filipino War.]

ON a Sunday morning nine months ago events transpired in Manila Bay that thrilled the American people with boundless rejoicing. On that day American sailors freely offered their lives as a sacrifice in the cause of liberty, for the upliftment of downtrodden humanity, for the emancipation of a people from foreign oppression. They offered their lives for the promotion of a righteous cause; the God of hosts looked down upon them with His infinite sympathy and pity for noble men offering their lives in a noble cause, the sacrifice they offered was not demanded, they won an immortal victory. So no tears for an American hero, humble or exalted, sacrificed in the cause of liberty, detracted from the joy of the American people over this that men believed to be a liberty-giving victory.

And now again on a Sunday morning is there fought out at Manila a battle that fills the American people with emotion. But it is a thrill, if not of sadness, certainly not of unalloyed joy. For on that far-off battlefield lie stretched in death American soldiers who responded to the call of duty. And worse, have they fallen not fighting in the cause of liberty, but for the subjugation of their fellow-men consecrating their lives in that hallowed cause; they have been called upon to dedicate their lives not to the goddess of liberty, but the moloch of greed. To that call they responded as is a soldier's duty, in responding to that call many Americans laid down their lives. Rather

than this sacrifice at the throne of greed, would we see ten times the number of Americans sacrificed to the cause of liberty, to the cause which our forefathers cherished and fought for, for the conservation of which they dedicated the American Republic. With infinitely less emotion, with infinitely more composure, with infinitely fewer tears could we bear the greater sacrifice if made in a righteous cause, for we would feel the sacrifice had not been made in vain. As it is we feel the sacrifice of American manhood has been worse than vain, that by that sacrifice the cause of humanity will profit nothing, lose much.

In the name of trade expansion, in the greed for unearned gain have we listened to the tempter, taken up a position in the Philippines with every appearance of permanence, caused the Filipinos to believe that we are there not to give them liberty, but to exploit, despoil them as a servile race as Spanish have despoiled them unmercifully in the past, and we have goaded them into resistance, into an effort to oust us whom to them and by our own acts have ceased to appear as welcome liberators and have become hateful invaders. The moloch of greed has called for a sacrifice of American manhood, the sacrifice has been taken and the worshipers at her shrine in America go on their way rejoicing. That the Filipinos have been goaded into resistance they rejoice, for it has offered the Americans the opportunity to teach that people cut out as a servile race a needed lesson, the lesson that they are no match for Americans, that they are an inferior race fit only to toil at the direction and for the profit of others, that as a servile race we intend to keep and treat them. So these worshipers at the shrine of greed rejoice, for so they look upon the Filipinos, aye, and upon our own laboring population, too; so they propose to treat them; for this end they want the Philippines,

and as it appears to them the sooner the Filipinos be beaten into abject submission and servility the better.

And this treatment of the Filipinos they call in their own hypocritical cant a duty—thus do they pander to an uneasy conscience. It is a duty to be master to the Filipinos because they are an inferior people, it is a duty to be master to them so that they may be shown how to direct their labor so as to secure greatest results, so that they may be uplifted in material and spiritual ways, for be it remarked that these worshipers at the shrine of Mammon lay much stress on the sword as a means to open the way to the teachings of Christianity, and yet call themselves disciples of the Prince of Peace. So to take up and assume this mastership over Filipinos, to shape their future, to keep them in subjection, to deny them independence, to keep them from rising as an independent people, of course all for their own good, is put forth as our duty.

It is this that a British poet, in tempting us on, calls the "white man's burden"—as if it was a burden to the white man to ride to riches upon the labor of the yellow races. It is greed, the greed of grasping the fruits of the toil of a people over whom we may rule, not duty that calls us to take up this burden! It is only by gradual stages of evolution that a people can rise to a higher estate. If then a stronger nation assume the mastership of their fortunes, persist in treating them as a servile and inferior people incapable of advancement upon their own initiative and so supply the initiative that they are denied the opportunity to supply themselves, how can such people rise? They cannot rise. They must remain servile. Their ability to create wealth may be vastly increased, but the increased wealth that is produced will be carried off by those who supply the initiative, who direct labor to make it thus increasingly productive—

namely, the foreign task masters. And if the wealth is thus gathered in alien hands, if all the advances made under foreign initiative accrue to the advantage of the foreign initiators, how can the people rise? It is obviously impossible. They cannot rise if denied the opportunity to rise; they cannot make progress as a free people if kept in subjugation as a servile race.

And meanwhile what will come of their masters who drive them so as to make their labor more productive, but take to themselves the fruits of that increased productiveness? Gaining wealth by easy channels they will not feel that stimulus that leads men to use their own energies to the best advantage. As a result a turpitude, moral and physical, will overcome them; they will be disposed to exalt money more and more above man; to gain their ends by corruption rather than by honest exertion. And this is the class of men that we will be prone to raise up by our Philippine policy; this is the class of men that we will strengthen in our body politic. And surely our body politic will not be strengthened thereby. In denying Filipinos the right to form a democratic government we will sow seeds of dissolution in our own.

So as we have looked upon the culmination of events in the Philippines we have been filled with dire forebodings. It is not alone that our soldiers should be sacrificed in the Philippines at the command of the moloch of greed that causes us to weep bitter tears, tears of sorrow and wrath; it is not alone that worshipers at the shrine of greed in America and who have forced this sacrifice should go on their way rejoicing; it is that they should be just as ready to sacrifice our own people to their greed as those whom an honored statesman disrespectfully refers to as "yellow bellies"; that they are quite as ready to reduce our own laboring population to humility and servility as they are the

Filipinos, that they would do so if they had the power, that they seek this power in an increased standing army, that they purpose to use it when they get it, not for the protection of a free people from foreign aggression, but to deprive that people of their rights, crush their protests, chastise them if they resist the effort to reduce them to abject servility.

We bear in mind that supporters of the President warmly deny that they contemplated the laying of the foundations of a colonial system, deny that they are prompted in their policy of expansion by those possessed with a lust for gain at the expense of their fellow-men, deny that they have goaded Filipinos into resistance. But when we see the statistical bureaus of the government busily engaged in showing how the colonial system of Great Britain has benefited British trade, made markets for British goods, what deductions are we to draw? That the Administration is bending its energies to educate our people to the advantages of the colonial system and so cause public opinion to exert itself in demanding an extension of such a system by America. Trade, foreign trade, we are after; it is the *ignis fatuus* of the day, and the way to extend such trade is to build a colonial system. So the Administration bends its energies to teach. We would suggest that the way is the building of an American customs union, not of a colonial system reaching out in Asia, for the natural markets for our surplus products are in the countries of America just as we offer the natural market for the surplus tropical products of those countries, and which we cannot produce for ourselves to any advantage. Furthermore, these American markets are broader than the markets of the Orient, and vastly more capable of expansion, not indeed that the countries of the East are less rich in natural resources, but for the reason that those countries,

including within themselves every clime, and even as the Americas, have the capability of supplying themselves with their own wants, and because of their teeming population and proximity the one to the other, which must give them a natural advantage over us in their own sphere, at lower cost than we can hope to supply them. Therefore, we may be assured that they will keep their markets to themselves and, with their adoption of modern methods of production that is surely coming and close at hand, to an even larger extent than they have in the past. And in the past the total import trade of China has been equal to just about $1\frac{1}{2}$ per cent. of our own domestic trade, the whole import trade of the Orient and Australasia only about one-tenth of the extent of our home trade.

But the annexation of the Philippines is urged on the ground that it would give us a point of vantage from which to grasp a greater share of this trade. And be it borne in mind that grasp is the very idea that the worshippers at the shrine of greed have in mind, for they would extend our trade at the cannon's mouth just as they would the Christian religion. We deny that either can be so extended with any profit. Trade to be lasting must be mutually advantageous; it must not sap the resources, the vitality of one of the parties to the trade. If it does, such trade must, in the end, dry up for want of very sustenance. And trade that is mutually advantageous needs no shotted guns to extend. The only trade that needs the support of cannons is the trade that amounts to robbery, that is felt to be such, resisted as such and that cannot last. Mutually profitable and hence lasting trade grows in peace—even as the Christian religion.

Still to get rich by robbing one's fellows is very tempting if one can arrange things so as not to get caught at it. And if the individual can so get rich he


will not be deterred because by so doing he may ruin trade for those who may come after, undermine the welfare of his country. And if his country can be prevailed on to protect him while so undermining the general welfare, so much the better. It is only a case of government being conducted for the enrichment of the favored few, not the welfare of the many, and this is the perfection, the acme of good government according to the favored. Thus did Britain make war on China to open a way for British merchants to sell opium, a poison the importation of which was forbidden by the Imperial Chinese Government; thus did Britain sacrifice the industries of India for the benefit of the cotton lords of Lancashire, only again to sacrifice those manufacturing lords and build up rivals in India by pushing a dishonest monetary system on the world in the interests of the more powerful money lords of London.

But, as we have said, statistical bureaus of our government are striving to show that the colonial system is a great thing for trade. Hence we must build a colonial system. If a few thousand of Filipinos must be shot down in the process it makes no difference, we must not halt, it is manifest destiny. It is shown that Great Britain supplies only 15 per cent. of the foreign merchandise that the non-British world buys but that of the wants of her colonies and dependencies she supplies 43 per cent. Hence it is proven that colonies are a great thing for trade, and in the name of trade we must gather in dependencies where we get the chance. So we must begin by taking the Philippines. The interests of the people thereof are not considered, it is in the interest of our trade—trade expansion in those islands and the Orient generally—that we must take possession.

The reports that the President, great anti-colonialist

according to some, is causing to be published with the money of the United States and for the edification of the American people and their conversion to the support of a colonial system, go on to say that in the British dependencies "there has evidently been, through the material development which has followed this relationship, a great increase in purchasing power." So the conclusion that if we annex the Philippines not only will we gain a large part of the business of supplying the markets of those islands, but that those markets will greatly broaden. But here we would remark that the purchasing power of the people of British India as exerted in foreign markets, and increased as it may have been by British development, is less than one dollar a head a year. That is, the British Indians do not purchase one dollar's worth of foreign merchandise apiece in the course of a year. The Filipinos under Spanish development made a purchasing power of foreign merchandise of a little more than a dollar a year.

So, unless we do better with the Filipinos than the British have done with Indians, we cannot expect to much increase the market for foreign goods by taking those islands. The truth is that the Filipinos, like the British Indians, can make for themselves such clothing as they need much cheaper than we or Europeans can make and send it to them. With their cheap labor and dexterity they can better and more cheaply supply themselves with their wants than we can supply them. And if we introduce modern machinery and direct them in its operation the inevitable result must be that they will be able to produce cheaper than ever. Their labor will indeed become more productive, but instead of making a market for our surplus goods they will be seeking a market for their surplus goods and in competition with the products of American labor in our markets. In short, Americans in the Philippines and



hiring Filipino labor will be making goods for sale in American markets in competition with American labor. This is the more likely outcome of our effort to spread the outlet for our goods by conquest. England has already seen Indian manufactured goods displace Lancashire in the Chinese markets; it may be our fate to see the same with Filipinos, our necessity to protect ourselves from such competition in our own markets by raising protective tariff duties against imports from the Philippines. And then suppose our Supreme Court, declaring the Philippines a part of the United States, says we can't? True, the Supreme Court would have to reverse precedents to so do, but the court has done stranger things. Being composed of mortal men and influenced by environment it ever has and ever will be prone to judge much as the controlling spirits of the atmosphere in which it moves would have it judge. If those spirits desired to use Filipino labor to grind down American the court would be prone to so judge as to further such use, as to overthrow any tariff barrier that Congress might raise for the protection of American labor; if they desired to keep out Filipino goods the environment of the court would dispose it to judge otherwise.

It is in this way, not through migration of Filipinos to America, that the American workman will be thrown into competition with them. The same is also largely true of the Chinese. We will, we fancy, have cause to take this to heart ere many years have passed.

Yet to extend our export trade to China and the Orient generally, we are pressed to make the Philippines a dependency of the United States. It is not a fertile ground. The whole foreign import trade of the Orient and Australasia is now about one billion of dollars, and of this one-fourth is Australasian. In short, less than one per cent. of the people of that part of the

world make a market for 25 per cent. of the goods sold in the East by Europe and America. By this we may judge of the comparative demand made by white man for white man's goods and yellow man for white man's goods. The yellow man makes no demand comparatively, and the making of a demand is not in him, for he can make his own goods cheaper than the white man, removed by thousands of leagues from his markets and handicapped by costs of transportation, can make them for him.

But, ignoring all, we plunge forward on our career of folly. We occupy Manila, we give Filipinos to understand that we have come to stay, that with them we are going to inaugurate a colonial system, which to them means exploitation. We let them know that we regard them as an inferior race, we tell them that for their own good we propose to assume the mastership over them, direct their energies, make their labor more productive. But we purpose to take for ourselves that increased productiveness, and how this is going to be for the good of Filipinos they fail to see. This is what Filipinos who first welcomed us as liberators have come to believe our occupation means. True, the protests against such a course have been loud, if unavailing, in the United States, but these protests have been as carefully kept from the ears of Filipinos as strict cable censorship could make possible. So these people of the Philippines, kept in ignorance of the sentiment in their favor in America as far as that were possible to the Administration, came to the belief, as the cable censorship was imposed, that such sentiment had flickered out, that the counter sentiment was the prevailing one in America, that justice at American hands they need not expect, that they had but to choose between submission to American mastership and force; and as men seeking liberty, revolting

at servility, with the courage to do and dare, they chose force, unsheathed the sword.

And at men thus showing themselves ready to die for the liberty that is theirs as the inalienable birthright of man, men deserving a better fate, we are not disposed to scoff and scorn. Nor can we gloat over the killing or seriously wounding of 5,000 of these men brave enough to dare and die, men sacrificed in the cause of liberty. Let us hope their sacrifice may not be in vain; let us hope that such sacrifice will strike a responsive chord in American hearts, let us not force men to choose between submission and death who have the nobleness to unfurl the battle flags of liberty and the courage to suffer death. Let us accord to them that liberty which we should never have denied.

Those who thus talk of withdrawing from the Philippines, and leaving the Filipinos free to constitute a government of their own choosing are assailed as cowardly. But the coward is he who believing in the principles of free government dares not proclaim his belief, but stifling his feelings chimes in with the tide. It is of him who opposes himself to this tide, who bares himself to the taunts of traitor, who stands unflinchingly by his convictions, and in opposition to our imposing our rule upon the Philippines that courage is demanded. To join in with the Administration, to trample under foot the doctrine of liberty, to scorn the traditions of our country, to overturn the very basic principles of our government, to supplant them with monarchical principles takes no courage now. Later it may, and then we will see who among the numerous pack who now cry traitor are cowards, and as such be quick to desert the discredited Administration, as rats the sinking ship; who the courage to stand by the Administration and proclaim the superiority of monarchical over democratic principles? Indeed, we much in-

cline to believe that the head of the Administration will himself appear among the cowards, that the Administration will be lacking in the courage to stand by those who have the courage to stand by it.

Meanwhile we are told that vengeance must be wreaked on the Filipinos. But is this a Christian spirit? It is the old law of an eye for an eye and a tooth for a tooth, regardless of the circumstances that led to the first loss, regardless of justice, for him who suffered the loss may have been the aggressor. Vengeance, a mere thirst for blood is a brutal passion. To us the idea of seeking vengeance is repellant. For our part we believe our first duty lies not in avenging our losses, but in rendering justice. To spill blood for mere vengeance is murder. Again are we told that it is un-American to oppose the policy of the Administration. But wherein is it un-American to oppose a policy that is as repellant to our American notions of sound foreign policy as laid down by Washington as it is slavishly copied after the British colonial policy as policy can be? Rather would we say that the Administration policy is anti-American and pro-British.

Further, to speak as we have been speaking, is to invite the charge of treason. To strive to prevent Filipinos from attacking our flag by showing that that flag waves over some at least in America who would do them justice is treason; to strive to prevent that flag from being unfurled in the Philippines as the banner of oppression is treason to the flag, the flag of liberty; to strive to keep unsullied that flag, the synonym of equality and liberty the world over, save alone in the Philippines, is treason. We scorn those who make the charge.

The blood of our soldiers in the Philippines lies at the doors of those who have denied to the Filipinos that which we should have accorded to them as a right,

that which they had a right to expect at our hands. If we appear in the Philippines not to accord them their rights but to deny them the right of self-government, not to free them from oppression, but exalt ourselves as masters and treat them as a servile race, we cannot but expect attacks on our soldiers and bloodshed, for we are there as enemies of the people, not as friends. No sophistry can hide this fact, and if we remain in the Philippines as enemies as enemies we will be treated. At the regrettable occurrence at Manila on Sunday last we have no cause to be surprised. As Senator Hale says: "If the treaty had been made as it ought to have been made, putting the Philippines on the same basis as Cuba, no trouble would have arisen, or if the managers of the treaty had consented to an amendment on this line, or, still further, if they had agreed to the passage of a joint resolution declaring Congress did not expect permanent occupation there would have been no trouble of this kind."

Again, as said Agoncillo on his flight to Canada: "It is too bad. I came to your country to offer you the friendship of my people—to give you our trade and pay you all the expenses of obtaining our freedom for us from Spain. In return you refuse to even listen to me. If you had been only willing to listen to what I have to offer, all of this trouble could have been averted. It is not of the seeking of my people. I am sorry."

Some may scoff at this. We do not. It is wrapt in too much pathos. We too, are sorry, unutterably sorry, and as an American inexpressibly mortified that it should be so.

SHALL MONEY RULE OR MONEY SERVE?

[February 19th, 1898.]

MAN rises above mere brute creation by the possession of one great power, the power of association that makes it possible for him to co-operate with his fellows for conquest over the forces of nature, conquests that would be quite out of the question without co-operation. And naturally the development of this power of association has marked the progress of man's conquests over nature and the advance of civilization.

As the individual man has become less dependent on the productions of his own labor for supplying his needs and has come more and more to put reliance in the labor of his fellow-men, having confidence in his ability to dispose of the surplus products of his labor for the surplus products of others' labor, and so supply himself with those things needed for his maintenance or comfort, but not produced by his own labor, his power to create wealth has increased, and there has come advancement in his intellectual and material well being. His power to create wealth has increased because more continuous application in one line of work has brought increased skillfulness. Not only this but the waste of time inseparable from taking up and dropping different kinds of tasks as man must when he must produce all that he consumes, cater to his own wants or go without, has been diminished. And with time saved and increased dexterity there of course comes increased productiveness of labor. Then such application to a narrower range of work centers the mind more and more upon the work at hand, and

leads to the improvement of tools and so again to increased productiveness. Thus labor becomes more productive as men depend more and more upon the co-operation of their fellow-men.

So it is that, throughout the world, the advancement of men and nations is marked by the degree to which they have succeeded in carrying the diversification of employments. Thus in the Australian aborigine we find the very lowest type of man, a man who lives almost entirely within himself and without co-operation with his fellows, who makes his own rude weapons and gathers his own poor food which he eats uncooked, who rarely if ever exchanges any part of the product of his labor for a part of the product of another's labor.

When we go up even one step higher where we find men associated in the savage tribe we see marks of gain, of profit, from such association, a greater command over the resources of nature, a much better living than the Australian ever enjoys. Thus among the North American Indians there was a crude diversification of employments. The men sought provender by the chase, the women were driven to agriculture, some again made a specialty of fabricating the weapons of war and the chase. And thus making a specialty, devoting their time to such work, they became more skilled at it than the average hunter, could produce weapons with less effort and expenditure of time, and so it became mutually advantageous for the hunter to devote himself to the chase, the maker of weapons to their fabrication, for both could, by so doing, command a more certain livelihood.

Thus the hunter could do better by buying his weapons with the products of the chase than if he took time from the hunt to make his own weapons, for during such time he could capture more game than he would have to pay for the weapons he could make for

himself in the same length of time. And yet the fabricator of such weapons would also do better, for becoming much skilled by his constant application he could get for his weapons more game than he could capture for himself if he occupied the time spent in making such weapons in hunting for himself. So in such exchange it is evident there is mutual advantage to both hunter and maker of weapons. By co-operating with one another they both gain. And yet it is clear that without the power that association brings, this co-operation and gain would be out of the question, for no savage could apply himself solely to the making of weapons if he could not rely upon other men to keep him in food in return for supplying them with weapons. And so with the hunter. If isolated he would have to be all-sufficient to himself, have to make his own weapons and do his own hunting, have to get on with cruder weapons and lead a more precarious existence than when living in co-operation with his fellow-men.

So we see that association is the first requisite of progress; it is the greatest need of man; it is the power that lifts him above brute creation, that gives man his superiority, that is in fact his distinguishing trait. He alone, unless we must except some high orders of insect life, is endowed with the intellect that fits him to co-operate with his fellows, to direct his energies to one line of production and produce much more of some article than he needs, in confident belief that he can dispose of the surplus of such product produced beyond his needs for the products of others which he does not produce for himself and which he must have to live. To such co-operation, based as it is on a mutually advantageous exchange of surplus products, the first requisite is the power to communicate, to arrive at a common understanding, and so arrange a basis upon which to make the exchanges. And this power of communica-

tion man has been given in the power of speech, a power that we find more highly developed just as we advance along the stages of civilization and as the demands upon language for communication of ideas, made necessary by greater diversification of employments and interchange of goods, have been increased. In short, language has been evolved and is being continually evolved and made more capable of expressing thought, just as association of men has grown more intimate and the need of language greater.

When association has not been carried far and co-operation is in its infancy; when exchanges are few and direct, they can well be carried on by barter. Thus there is no difficulty experienced in the savage tribe in making an exchange of skins and food for weapons of the chase. The exchange is a direct one, and the need of a common medium of exchange is little felt. But if we go up a step further in Indian life and find some making a specialty of making moccasins, others a specialty of making snow-shoes, others of fishing, others of husbandry, and still others of hunting, though not to the exclusion of other employments, the need of a common medium of exchange will be greatly felt. Indeed, such a medium must be provided or such diversification of employments will be retarded, be prevented from developing.

The need of money arises out of the various wants of the different producers, and which make exchange by barter a most troublesome undertaking. Thus the hunter may want some arrows, but the arrow maker, having all the food he wants, will not care to give such hunter arrows for his food. Yet the maker of moccasins may want badly the food that the hunter has to offer, but the hunter not being in need of a pair of moccasins will not care to make the exchange. So exchanges are deadlocked until, after much waste of time,

much expenditure of energy, it is found that the arrow maker would like to purchase a pair of moccasins. Then the way to a mutual exchange is opened, the hunter, and the arrow maker and the maker of moccasins coming together in a triangular trade. But if it happens that the hunter does not care to take in arrows the worth of a pair of moccasins, or has not in food the worth of the moccasins, the trade will be balked, for neither the arrow maker can take nor the moccasin maker give half a moccasin. So there must be more bickering, the hunter must take more arrows than he desires to complete the trade, or if he has not, in food, the price of the pair of moccasins the trade will be halted until some other hunter may be found wanting to exchange a surplus of food for arrows. Such being the difficulties of carrying on a simple three-cornered trade by barter, how infinitely greater would be the difficulties of conducting a four-cornered or five-cornered or many times five-cornered trade by barter? Indeed, the difficulties would be so great as to interdict such trade and make impossible the diversification of employments that would call for such trade.

Even in such a very simple trade we see how wasteful of time and energy exchange by barter is and how great is the saving of making exchanges by means of a common medium of exchange. It follows, of course, that the great difficulties and costs of effecting exchanges by barter must rest as a heavy tax on production, and thus cut into the advantages derived from the diversification of employment and increased productiveness of labor resultant therefrom. If such increased productiveness is more than absorbed by the time wasted in making exchanges, such diversification of employment will be disadvantageous rather than the reverse; then will come a check to such diversification and a check to progress.

So it is that money is most important as an instrument of association. After association has reached a certain stage, and not a very advanced stage either, money is necessary in order to make further and more intimate association possible. So it can be truly affirmed that money is only second to language itself as an instrument of association, and, we repeat, without such association there could be no such thing as civilization, man could not rise above the level of brute animals, and without money such association would be well nigh impossible, for men being unable to exchange their surplus products by the costly methods of barter, methods so costly as to interdict many exchanges, could not place reliance on the products of their fellows, every family would have to be sufficient unto itself, there could be no diversification of employments, no increased productiveness of labor that comes from such diversification, no progress, no advance in civilization. And to effect these exchanges so necessary to advance civilization most smoothly we must have honest money. To effect such exchanges by the use of a money of constantly appreciating purchasing power that forces producers to submit to the levying of a tribute on everything they sell in the interest of the creditor classes must obviously discourage production by absorbing part of the profits of production belonging of right to the producer, thus retard the accumulation of wealth, check progress, bring stagnation where there should be activity, impoverishment and suffering where there should be prosperity and happiness.

Moreover, a currency subject to violent changes in volume, as a currency issued and controlled by the banks would be, would even more seriously discourage the production of wealth, for changes in volume would bring about changes in value, and hence fluctuations in prices which would engender a spirit of speculation.

And such speculation, bad enough at best as sure to discourage production, would be perfectly intolerable, woefully deadening to industry, from the fact that those controlling the volume of currency would gamble with loaded dice, that the speculative cliques behind the banks would have a foreknowledge of changes in prices that they would be instrumental in bringing about, and so they would be able to strip producers of the products of their toil with unfailing certainty. So we see the evils of an appreciating and fluctuating measure of value. A continued depreciation of the measure of value so great as to cause a continued rise in prices so violent as to wrong creditors and tempt producers to bend their energies to the accumulation of wealth by engaging in speculation rather than by productive enterprise will also retard progress.

So we see that money, though the great civilizer, may be also the degrader of mankind. It has been a blessing to the human race, yet it has been a curse. It has made possible the building up of great civilizations, yet it has been the means of pulling them down. Created and used as the servant of man it has so cheapened and facilitated the exchange of the surplus products of labor as to give great incentive to the diversification of industries, great stimulation to the production of wealth, the progress and advancement of the human race, but when it has been used by scheming and unscrupulous men as a means for the gathering of wealth into a few hands, for the exaltation of riches and the degradation, the enslavement of mankind, empires have been sapped of their vitality by grinding poverty at the bottom and corruption at the top and tottered to their fall under its baneful influence.

It was thus Rome grew and crumbled, grew while money was the servant, tottered when money was the master and man the slave, grew while money was hon-


est and there was a just distribution of the products of industry, tottered when money was made dishonest, riches exalted, man degraded. In the great years of the Roman Republic, when Italy was prosperous, when the tillers were the owners of the soil, when Rome was rent neither by dissensions from within nor disturbances from without, the money of Rome, so Del Mar tells us, was neither gold nor silver, but the Ass, a counter of base metal, the greenback of Roman days, circulating not at its bullion value, but at a value regulated by a wise control of the volume issued so as to preserve the relations between the supply of and demand for money, and so keep money stable in purchasing power, maintain an honest Ass that would protect the rights of debtors and creditors alike, and thus give an assurance to wealth producers of the enjoyment of the fruits of their toil. And so such wealth producers prospered, so Rome prospered and grew and extended her conquests.

But her conquests turned great hoards of gold and silver, the spoils of many a triumph, into Rome, and such gold and silver was made the money of Rome, the volume of money thenceforth to be made dependent not upon the demands of commerce but the supplies of the precious metals. And the Asia that came under Roman dominion yielded to Rome but one great stock of gold and silver, for the precious metals she gave up to the Roman conquerors were the hoards of centuries. Once drained of these hoards she could give no more. So also did the production of the silver mines of Spain fall off before the empire was enthroned upon the ruins of the republic and a degraded citizenship, and along about 200 A.D. silver was demonetized while gold was drained to the East in payment for rich fabrics demanded by the patricians reveling in unearned riches. And so money grew dearer; as it grew

dearer all debts became more burdensome, took more of the products of toil to pay. The agriculturist, in place of being well-to-do and honored was impoverished and despised; finally he was bankrupted and became the slave of his creditor. And then it was that Rome tottered, for the tillers of the soil, striving to save themselves from bankruptcy and slavery, impoverished their fields, but impoverished them in vain. The tillers of the soil became slaves, intelligent and careful agriculture became a thing of the past, Rome was obliged to look outside of Italy for her food. And while the tillers of the soil were enslaved, the creditor classes, profiting from unearned gains, became corrupt, and so Rome fell weakened at the bottom, weakened at the top. Such was the penalty of the appreciation of money that made money the master, man the slave, exalted riches, degraded man; thus we are given in the history of Rome an illustration of money as civilizer and degrader.

And on much the same road is the American Republic traveling. Shall we profit from the example of Rome or shall we not? Shall we permit the wrong to be exalted and the right dethroned? Shall we crown money our master, our king, our god, and build up a moneyed oligarchy on the ruins of our republic, or shall we insist that money was made to serve, not to rule, and go forth to further and greater conquests, not over nations but the forces of nature, so gather greater and greater riches equitably divided among our people and so build up a nation of contented and prosperous freemen, a republic of wealth and greatness and power such as our forefathers never dreamed of?

It lies within our power to take either course. The course of degradation is laid open before us by those who would profit from the enslavement of our people, who would be pleased to see our Republic supplanted



by a moneyed oligarchy. On this course we have already embarked. We are making money dear and man cheap, and pursuit of such a course can have but one ending. It can but result in laying our producing classes under an ever-growing tribute to our new and growing oligarchy, the oligarchy of wealth, in placing a blight upon industry by taking from producers, who are debtors, more than they are justly obligated to pay their creditors, by undermining profits through depreciation of property, in finally transferring the property of debtors to their creditors, leaving one class enslaved, the other exalted. Thus by increasing the tax put on the production and distribution of wealth in the interest of the creditor classes, by putting an increased tax upon association we must discourage the diversification of industries and so check the development of our resources, we do in fact put a tax upon civilization.

And Mr. McKinley, who is now, at least nominally, directing the affairs of the national government, who is lending himself to those who would make money the master, man the slave, who thus lent himself to a course that must bring ruin to his countrymen for the Presidency, is not blind to the results of his course, not unaware that the policy he lends himself to must make money dear and man cheap, and is cognizant that this must lead to the enrichment of the moneyed oligarchy and the degradation of the masses of our people. But to this he has lent himself for the Presidency, to exalt himself he has sacrificed his countrymen. This we would not venture to say of the President, for of all men he is the last one we would willingly traduce, if his own words did not make it unmistakably clear that he did see once, even if he finds convenient not to see now, that to commit our country to the gold standard is to make money dear, that to make money dear is to cheapen everything else—make money the mas-

ter, everything else its servant, and so exalt the owners of money and degrade mankind. In an address before the Ohio Republican League at Toledo, Ohio, February 12th, 1891, which was understood to be a bid for the Republican nomination for President in 1892, Mr. McKinley referred to Mr. Cleveland's efforts to demonetize silver in this wise:

"During all of his years at the head of the government he was dishonoring one of our precious metals, one of our own great products, discrediting silver and enhancing the price of gold. He endeavored even before his inauguration to office to stop the coinage of silver dollars, and afterward, and to the end of his administration, persistently used his power to that end. He was determined to contract the circulating medium and demonetize one of the coins of commerce, limit the volume of money among the people, make money scarce and therefore dear. He would have increased the value of money and diminished the value of everything else—money the master, everything else its servant. He was not thinking of 'the poor' then. He had left 'their side.' He was not 'standing forth in their defense.' Cheap coats, cheap labor and dear money; the sponsor and promoter of these professing to stand guard over the welfare of the poor and lowly! Was there ever more glaring inconsistency or reckless assumption?"

But it was fated that the Republican nomination for the presidency should not be offered him until 1896, that it should then be offered him at the hands of the advocates of dear money and cheap men, not the opponents. And from those hands, hands he had declared unclean, he accepted it.

MONEY AND POPULISM.

[June 9th, 1900.]

HOW is our money now issued? The government issues it to those who work for gold, dig it out of the bowels of the earth, wash it out of the river sands, or to those who hire others to dig and wash for them, they having become, under law, by the accidents of discovery, by purchase or otherwise, sole possessors of gold-bearing rocks and sands. To those who thus get gold, or buy it or get it by trade and take it to the mints, the government issues money. It puts its stamp upon such gold and that stamp makes it money. So does our government now issue money. It issues it to those who work for gold. Once it also issued money to those who worked for silver—issued it first in like manner, later by the purchase of silver. But it does not so issue money now. It issues money only to those who work for gold, and to those who organize banks under the national bank law, buy government bonds and deposit such bonds with the government. Under our monetary laws these are the privileged ones to whom the government issues money—to the possessors of gold and to national banks that are the possessors of government bonds.

In Civil War time the government did something more than this. Money was then issued not alone to those who worked for gold or silver for their own profit. It was issued to those who worked for the government, gave their services to the government. Thus the government issued the greenback currency. And how would we Populists have money issued to-day? To those who work for gold for themselves? No; to

those who work or would work for the government for the creation of public works of value. And this money we would have irredeemable in gold or coin certainly, but not irredeemable. We would have it redeemable in the net earnings of the public works for the creation of which it was issued. Out of such earnings we would have it retired, thus making place for the issue of more currency of the same kind for the creation of other public works. Thus would we have a perpetual cycle of issue and redemption and have works of public utility, new railway and telegraph lines for example, irrigation works, etc., paid for out of earnings that now go to pay interest on capital. And we think there is better foundation in governmental ethics for the issue of such a currency than there is for the issue of a gold currency. Indeed, we are sure there is, sure that the issue of money by the government and to those who would work for the government, give their labor to the government, would be more in accord with the rules of political ethics than is the issue of money by the government to those who work for gold and for themselves. In fact, we cannot see how anyone can honestly dispute this.

A dollar bill is not a thing of value in itself; no more than is an entry made on the pass-book in which is kept the running account of a farmer with a cross-roads store. The entry made in such book is a record of value given and taken, and a record binding only on the parties to the transaction, and so too is the dollar bill a record of value given and taken, but a record binding on all persons in the community as certified to by the government and a record put in such form that it may readily be passed from hand to hand. And in essence gold coin is just the same thing. It is a record of value given and taken stamped upon a most expensive material. And the possessor of such coin values

it not for itself, any more than does the possessor of the dollar bill value it for the paper of which it is made, but because it is a check that will be honored by all men, redeemed by all tradesmen in their wares. The dollar, whether stamped on coin or paper, is in effect a check which certifies that the possessor has rendered some service, given something of value to the community and is entitled to equal value from the community in return. Hired by a farmer, you labor at some allotted task on the farm, help in making that which has value. And given dollar bills in settlement for your toil, what do you get? Bills that certify that you have rendered service of certain value, bills that not only the farmer will take for the product that you help him to make, but that all persons will take for their products, and that will therefore enable you to get such things from the community as you want to a value equal to the value of the service you have rendered. So it is that money by its nature is not a thing of value, but a representative of value, that coins and bills are mere counters of no value in themselves, but that we value because we can exchange them for things of value.

Now as a dollar bill is a record of value given and taken it is of inestimable importance that it should be an honest record. For if such record change loss will be inflicted on someone. We have said possession of a dollar bill will enable him who has earned it to command from the community, at such times and in such quantities as may suit his convenience, things of equal value to the value of service he has rendered. But if such bill change in value while he has it in his possession he may not be able to command as great value when he parts with it as he gave for it. Or, again, he may be able to command a greater value. And in either case there will of necessity be a disarrangement

of equities that will cause unsettlement of business and work injury. An appreciation of the dollar will cause a shrinkage of general values such as cannot but paralyze trade and industry, for such shrinkage must sap the profits of all producers, tend to reduce debtors to insolvency, for with shrinkage in values there is no shrinkage of debts, and so destroy confidence. And on the other hand a cheapening of the dollar such as will cause an inflation of general values inevitably distracts men's attention from their legitimate pursuits by dazzling them with a show of the speculator's gains, and leads on to an era of wild speculative inflation that must end in collapse such as cannot fail to give a paralytic shock to the whole industrial fabric.

For ever let it be borne in mind that there is but one way for a people to gain wealth, and that is to produce it by honest toil. They cannot gain wealth by despoiling one another or even by despoiling other peoples. And those things which conduce to honest toil are honest measures by which the fruits of toil are distributed. If there be honest measures those who engage themselves in the production of wealth, seek wealth by producing it, not by despoiling their neighbors, will receive the fruits of their toil and be encouraged to pursue the paths of honesty and wealth production. If there be not honest measures they will not get the full fruit of their toil; they will see speculators revel in wealth which they produce, but the enjoyment of which seems to be beyond their reach; they will be discouraged. Therefore the importance of honest measures.

Now we have seen how our money is now issued. We have stated our belief that it is issued upon a principle that has no warrant in political ethics; that instead of being issued to those who work for gold for their own profit it ought to be issued to those who work for the

government. For it seems only right that the government should issue its money to those who give it value in return. To single out the producers of gold above all others, issue to them money for such of their product as they may deposit at the mints, and deny a like privilege to the producers of all other products, thus according to the holder of gold an exclusive privilege, seems wrong. And not only is it wrong in principle, but it is grievous in results. For our money issued in this way is not under the regulation of the government. Its issue is wholly subject to the production of gold. Much gold produced and much money will be issued—little gold and little money. And while this is so it is too much to expect that we should have an honest measure of values. For the production of gold varies much. No one commodity is of unchangeable value or purchasing power, and gold is no exception to the rule. The issue of money being dependent on the production of gold and that production shrinking, as it often has, the issue of money must shrink. And if we cut down the supply of anything its value will, the demand remaining the same, go up. And as for the demand for money it never does remain the same. In a state of industrial growth, and we ought to so manage that such state would be a constant one, it must steadily increase. If we do not meet such increasing demand with a constant increase in the supply of money we must then have a rise in the value of money and a shrinkage in the value of things generally. And such shrinkage will promptly put a brake on industrial growth.

Now do we want to have such a brake put upon our industrial growth intermittingly? Surely do we not. And as we do not want to see such brake applied we must see that the issue of money is so regulated that the supply will keep pace with the demand. While we

issue money only to those and to all those who deposit gold with the government this can never be. For such issue puts the regulation of the same beyond the reach of government and leaves it entirely dependent on the offerings of gold for coinage by individuals and corporations, and offerings largely dependent in turn on the production of gold. And the issue of money to those who might bring silver, as also to those who bring gold, would be an improvement only in degree. It would not bring the issue of money under the regulation of the government. It would leave that regulation primarily to accident as now. Nor is the issue of money to those national banks which deposit government bonds as a pledge for the redemption of such notes going to materially change the status so long as redemption of all such money is required in gold. And if such redemption were not required, or such requirement disobserved by the banks, we would have the regulation of the issue of money put further than ever beyond the reach of the government. We would have the banks, that now would be interested to cause a fall in money, now a rise, in control of the issue. And in such case it would be natural to have a dollar of most changeable value.

It is indeed supposable, but hardly probable, that the banks would not act under the dictation of the speculative cliques, that their managements would be superior to such influences, that consequently the banks would be managed solely with an eye to the profit of their stockholders, that therefore they would increase their issues of currency as interest rates rose, decrease their issues as interest rates fell. And this we are told would result in automatically regulating the issue of currency in response to the demands of trade. But we have seen interest rates rule their lowest when the country was suffering from a money famine and

prices shrinking disastrously. At such times have we seen the banks offering loans to the restricted class of borrowers that they cared to loan to at all, at almost nominal rates of interest. Again have we seen interest rates rise just as the money famine has lifted, as the supply of money has increased. And this we cannot put down to accident. In this we can see the working of a natural law. For as prices fall profits of those engaged in industrial undertakings are sapped and men grow more and more disposed to question their solvency. Hence the banks grow suspicious of such borrowers, and hesitate more and more to respond to their requests for loans. Consequently such borrowers find it almost impossible to effect loans at any rate of interest. But at the same time, and because of such very refusals to make loans to those engaged in industrial pursuits, money accumulates in the banks, especially in the financial centers, and we have congestion. Then while shunning loans to producers of wealth the banks seek to put out their funds on stock exchange securities. Competition in the placing of such loans results and interest rates fall down, down, down. After a while there comes an inflow of money from some quarter, a turn upwards in the trend of commodity prices, a returning readiness of loaners of money to put their money at the risk of industrial undertakings, a drawing away of money from the financial centers, a rising of interest rates. So it is that interest rates would make a false guide upon which to regulate the issue of currency. The price level of commodities, showing the purchasing power and therefore the real value of money, offers the one true guide.

The question then comes to this: How are we to avail of this true guide? If the government, taking the issue of currency into its own hands, strove to regulate the issue as interest rates rose or fell, it would

fall amiss of the natural law we have referred to above. It would find in interest rates a false guide. Besides, we don't want to see the government playing the part of usurer in the issue of money. The whole idea of the government charging interest, usury, for its own promises to receive, for money it issues receivable for taxes and so redeemable, for money redeemable in postal services or in services rendered by other public works that the government may undertake, is repugnant.

And if money be redeemable in services of governmental works, and retired out of net earnings, why should it not be issued in payment for such works? What more natural than it should, in what more natural way can it be issued? Let it be so issued and redeemed, and we would have a perpetual cycle of issue and redemption. But how may we so issue it as to regard the true guide that we must follow to establish an honest measure of values? It has been said by some that we have but to hire on public works at a fixed rate all the men who may care to work. If we did, we would have a unit of value based on labor, we would have the rate of wages rather rigidly fixed. For if under such a system there came industrial depression, with the resulting throwing of men out of work, an increasing number of men would seek work on the public works, as a result the issue of money would be increased, this would make an increased demand for products of all kinds, give an upward impetus to prices and this a stimulus to industrial activity. And then would come new demand for labor, a slight advance in wages would serve to draw men away from the public works, decrease the issue of money, prevent a further rise in prices, cause a retrogression until the general rate of wages had fallen back to that fixed by the government. Thus it is very evident that there would be

no great margin within which wages could fall below or rise above the rate offered by government to all who might apply.

But wages thus fixed, a day's labor made the unit of value, what would inevitably follow with the progress of industrial evolution, the introduction of improved machinery and the consequent increase in the product of the day's labor? Evidently the laborer could not share in such increased production through an advance in his nominal wages proportionate to the increase of his productiveness. From the possibility of such rise he would be cut off. He could only share in the increased productiveness of his labor through a fall in prices and so increased purchasing power of his wage. And though there came a fall in prices of equal proportion to the increase in the productiveness of labor, he would not get his full share of such increased productiveness. He would be cut off from this. For with a fall in prices, the share of the product taken by the fund-holding classes, by those owning debts and drawing fixed sums of interest, must be increased. To a share in the increased productiveness of labor they would not, of right, be entitled, but under such a system as described above they would get a share. And getting a share, the share of the producers would, of necessity, fall below what it ought. Therefore, in justice, we must see that an increase in the productiveness of labor will be followed by an advance in the rate of wages, not by a general fall in prices. For if there come such fall, the burdens resting on the backs of producers will not be lightened as they increase the productiveness of their labor. So what we have to do is to so increase the issue of money as to keep the general level of prices from falling. And this can be done how? By increasing the rate of wages offered on the public works whenever the general level of prices

shows a falling tendency. Such increase in wages offered would, of course, tend to draw more men to the public works as well as to increase the weekly disbursements, and so issue of new money, to those already employed. And such increased issue of currency would of course make broadened demand for many products, serve to keep prices from falling. Thus could a stability of prices be maintained, thus an honest measure of values be given, thus honest industry be encouraged, speculation discouraged. And as the foundation step to the accomplishment of this end we have but to learn this simple rule so stamped with common-sense, so evidently true, that we may put it down as an axiom of good government: That money should be issued by the government not to those who dig for gold, but to those who dig for the government.

THE GROWTH AND EVILS OF TRUSTS.

[May 13th, 1899.]

SOME years ago it became the custom of those leaders of industries who conceived the idea of getting rid of competition and enhancing their profits by raising prices to constitute themselves trustees, and as such take over the management and control of their separate plants and businesses, and also the properties of such smaller fry as could be induced by the hope of greater profit or browbeaten by the fear of loss into throwing in their lot with the pool. These trustees then issued trust certificates in lieu of the stock certificates of the different corporations taken into the trusts and handed into the keeping of the trustees. Thus as trustees they virtually held title to all the property of the different corporations, and they managed all the properties as one, held them all and worked them all in trust for the benefit of the holders of the trust certificates.

These trust certificates entitled the holders to a certain percentage of the total property held in trust. Of course, all properties taken into a trust were taken in at an appraised valuation, and trust certificates issued in accordance with the percentage that such valuation bore to the aggregate valuation of the properties taken in. Thus when the owner of one property, or the holder of capital stock of one corporation gave it over in trust into the hands of the trustees he received not trust certificates certifying that such particular property was held in trust for him, but that a certain percentage of all the properties in the hands of the trus-

tees was so held in trust. In short, instead of being sole or part owner in one corporation he became part owner in all entering the trust. He put his property into one common pool, agreed to take his proportionate share of the aggregate earnings of all the properties, and in the event of the winding up of the trust he would get back not his original property, but a part ownership in all the properties going into the trust. Interests thus pooled, certain properties might be altogether shut down at the discretion of the trustees, and yet the former owners of such properties receive a greater dividend than they ever earned from the independent operation of such properties. If the shutting down of such properties and the consequent restriction of supply so raised prices that the profits made at those plants operated exceeded the aggregate profits of all plants when in operation independently, selling at lower prices and running on a smaller margin of profit, this was indeed inevitable.

And it was to bring about just this that the earlier trusts were formed. By shutting down some plants and restricting production they sought at one and the same time to enlarge profits by pressing down wages, by narrowing the demand for labor and so increasing the competition among laborers for work, and, secondly, by raising prices by so restricting the supply as to make competition among buyers more active.

As the crop of trusts so operating increased, they naturally incurred more and more the enmity of the public. This naturally led to efforts at repressive legislation, trusts were almost universally declared to be illegal, proceedings were brought in many states to force their dissolution.

This led to the trusts changing their form. Under the laws of some state they incorporated, started forth on a continuance of their career and with the same

purposes. They only changed in outward form and legal name. The popular name of trusts still clung to them, and still clings to all corporations organized to effect a combination of industrial plants previously independent and with a view to getting rid of competition. Thus for some time it was sought to get around the various anti-trust laws, but this fiction the Illinois Supreme Court exploded when in its decision in the case of the former Whiskey Trust that sought to avoid the penalties of the law by incorporation it declared: "There is no magic in the corporate organization which can purge the trust scheme of its illegality, and it remains as essentially opposed to the principles of sound public policy as when the Trust was in existence. It was illegal before (incorporation), and is illegal still and for the same reasons." And it is only within a few days that the Missouri Supreme Court took similar ground in holding the anti-trust law of that State was applicable to the company, popularly known as the Lead Trust.

Indeed, under the common law all the great industrial trusts could properly be declared illegal as combinations in restraint of trade and working injury to the general public. But none the less the making of such trusts under corporate title goes on at an astonishing and never before equalled rate, the corporate lawyers defending them on the ground that they are not organized with a view to the restraint of trade, with a view to getting rid of competition and enhancing profits by raising prices, but with the expectation of enlarging profits through economizing the costs of production in a way only possible in a great combination, where production and distribution is on such a gigantic scale that the industry can be systematized in every branch, everything be laid out by clockwork down to the smallest minutiae and division, and hence

saving of labor be carried to a degree quite impossible of attainment in the ordinary establishment.

So it is argued that these great modern day trusts do not work injury but advantage to the general public, their increased profits being not the result of tribute squeezed from the public in the shape of enhanced prices, but the result of savings in production. And there is just enough truth in this contention to give it plausibility. But the cold facts show that many of the recently formed combinations, as many of their older forerunners, have raised prices very materially to the consumer and without according an advance of wages commensurate with such rise. The New York "Tribune" cites many examples, finding fault with those producers who are protected by high tariff duties from foreign competition, and who have combined to stifle home competition and shove up prices on the consumer. It sees very clearly that such action, such use of the protective duties to exact tribute from consumers endangers the whole protective system. That system is aimed to foster domestic competition, free our consumers from dependence on foreign producers, and the effect of such stimulus given to home industry and the resulting competition has been generally to bring down prices.

A recent striking illustration of this has been in the tin plate industry. Nine years ago we produced no tin plate, bought all we used. The Welsh tin plate manufacturers had a monopoly of supplying our markets, and they made the most of it. Then the McKinley tariff was passed putting a high duty on tin plate. The Wilson bill did not take it off in entirety, only cut down the rate. The first effect of this protective tariff duty was the raising of the price of tin plate. Then followed wonderful development of the industry in America, competition was free, production was much cheap-

ened, soon the American consumer was getting tin plate for a much smaller price than he had ever been able to get it for before. By the development of the industry at home he was freed from dependence on the foreign producer, the tariff on tin plate proved protective of the interests of the American consumer as well as of the producer.

But now comes a change. An American tin plate trust is formed; it puts an end to competition, and behind the shelter of the Dingley tariff it puts up prices. Other producers of iron and steel products have done much the same. The copper combine has come in for much criticism on a similar score. But says the "Tribune," referring to an observation of the "Iron Age" that producers of iron and steel are not altogether without blame in this respect:

"It would seem not. For instance, wire nails are quoted at \$2.10, against \$1.25 last December, an advance of 68 per cent., which is considerably more than the rise in copper. The public castigation of the milder sinner is not readily explained. Cut nails have advanced since January 1st about 63 per cent. Bar iron at Pittsburg has advanced about 58 per cent. Tank steel plates at Philadelphia have advanced about 76 per cent. In some respects the worst sinner of all is the tin plate combination, which has advanced prices from \$2.25 for hundred pound boxes to \$4.05, or 59 per cent., because the industry owes its very existence to the help given it by duties on imports, and sets up the foreign price of tin as an excuse, though the tin makes but a small fraction of the cost, and has risen since December 1st only 40 per cent."

It may be added that the iron upon which the tin is plated has also advanced considerably in price, but probably the rise in the price of materials entering into production of tin plate does not all told make up one-

third of the advance in the price of the finished product. And also in fairness it must be said that wages have been advanced ten per cent., though this, although offered as such by the trust, can scarcely be accepted as a satisfactory explanation of the rise in tin plate, after allowance is made for the increased cost of raw products, of more than thirty per cent. In short, the tin plate combine has taken advantage of its monopoly to enhance its profits by forcing up prices under the shelter of the tariff.

Thus is it using the tariff imposed to foster domestic competition, imposed to benefit the American consumer, to levy tribute upon him. And this causes the "Tribune," ever with a care for the protective tariff, to cry out warningly to all such combines: "It is not exactly the right time to be milking the country to the last drop in order to realize quick and big profits for works largely established by aid of its laws." If you do you will run the risk of upsetting all your apple carts, for "there is coming a time when such advances in price will be publicly discussed as evidence that the national policy of protection has placed consumers at the mercy of all sorts of combinations which show no sense of regard for the public welfare." It might have added, if you must milk the country to the last drop, do not leave the milking for the very year before a presidential election, commence earlier in the term, stop the milking process before the ball of a presidential campaign is set rolling, give the people time to forget.

If the Republicans had adopted the Pettigrew amendment to the Dingley tariff making provision for the transfer to the free list of all articles the home production of which should become monopolized by trusts or combines, they would have been saved the necessity of making difficult explanations; if they would save the protective tariff they must themselves take the initia-

tive in proposing an amendment having the effect of the Pettigrew anti-trust amendment and so disarm their opponents.

It may be suggested that a raising of prices by a trust or combine and with the result of swelling profits must naturally increase profits for those outside, thus encourage men to embark in production independently of such trust, thus lead to more competition, and so an enhancement of prices engineered by a trust carry with it its own check. For if the trust does not hold itself in check, if it does undertake to swell its profits by raising prices, such competition will spring up as must cause it to collapse. And if there was an open field and fair chance for all, special favors for none, this would happen. It would then indeed be abuse by a trust of its monopoly, increased profits for those outside, then more competition, then collapse of the trust, and the trust evil would cure itself.

But there is not this open field. To hold a monopoly used to exact tribute from the public in the shape of enhanced prices, enhanced prices that mean increased profits to those outside of the trust, and therefore increased competition, those increased profits must be destroyed. The trust may destroy them at a loss to itself by underselling, hoping to recoup itself when it has squeezed its competitors to the wall, driven them out of business, regained a monopoly by raising prices. But this is costly and uncertain, and our trusts have found a much better way. They find the railroads to be an effective instrument for destroying the profits of competitors. By judicious regulation of freight tariffs the railroads can sweep such profits away, sweep away the profits of anyone whose business is dependent on railroad transportation, and at the same time by a system of freight rebates, leave large profits to those whom they see fit to favor. And this far-reaching in-

strument the trusts have availed of, the successful ones have made it to the interest of railroad managers to favor them with these rebates.

Before the growth of trusts can be stopped, before the evil of trusts can be done away with this instrument with which they have ensconced themselves in power must be put beyond their reach. The party that has not the courage to do this or is unwilling is the friend of the trusts; both Republican and Democratic parties have been tried and found wanting; the People's party approaches the question directly, proposes to remove this instrument beyond the reach of the trusts by nationalizing our railroads, it alone is the enemy of trusts.

FIFTY-FIFTH CONGRESS, FIRST SESSION.
AMENDMENT PREPARED BY WHARTON
BARKER AND OFFERED AT HIS
REQUEST BY SENATOR
PETTIGREW.

In the Senate of the United States.
May 12th, 1897.
Ordered to be Printed.

AMENDMENT

intended to be proposed by Mr. Pettigrew to the bill (H. R. 379) to provide revenue for the Government, and to encourage the industries of the United States, viz., insert the following:

That any or all articles on the dutiable list mentioned in this Act shall be admitted free of duty on submission of proof that one-half or more of the domestic production of any article or articles on the importation of which a tariff duty is levied is controlled or in any way regulated by a trust or combination of any kind, corporate or other, organized to control domestic production or to repress competition.

Any citizen of the United States may file a petition, verified by oath or affirmation, in any district court of the United States where the defendant has an office or place of business, or may reside, alleging the existence of a trust or combination organized to control domestic production or to repress competition, and that articles or products subject to duty under this Act or articles or products of like character of domestic production are manufactured or their sale controlled or the price affected by said trust; whereupon a

summons shall be immediately issued from said court directing the defendant to appear and answer said petition, the case to be governed as to time and manner of service, the pleadings and all proceedings had therein as is now provided by law in civil causes instituted in the district courts of the United States.

If any citizen of the United States shall file with any district attorney for said district the petition herein set forth it shall be the duty of said attorney to institute proceedings forthwith in the district court for said district in the name of the United States for the purpose of determining the issues made by said petition, like proceedings to be had in such case as hereinbefore prescribed.

The summons to the defendant or defendants herein required shall be served upon the president, or chief officer, if a corporation, or upon all the members, if an association or partnership, and the Secretary of the Treasury shall also be notified of the existence and nature of the suit.

All cases instituted as herein provided shall be advanced upon the docket of the court so as to have precedence of trial over all civil causes thereon.

If the decision of the court shall be that the allegations of the petition are true, an order directing the customs officers of the United States to thereafter permit the importation of such article or articles free of duty shall at once issue; Provided, That where a duty is levied upon raw material or any article that is improved by any process after being imported the duty on the raw material or unrefined or unimproved article shall be collected and a like amount of duty upon the refined or improved article as provided by this Act; but the differential or additional duty shall not be collected if the improved or refined product is found to be the subject of a trust, as hereinbefore set forth.

MAMMON IN THE PULPIT, CHRISTIANITY OUTCAST.

[September 25th, 1897.]

CHRIST protected the weak and lowly, he scourged the rich—rich because they had been and were the despoilers of mankind. He extended help and sympathy to the poor; he strove to uplift the downtrodden; he honored the rich who gathered riches by industry, whose riches represented earnings; but those who gathered riches by preying upon others, whose riches represented not the earnings of industry, but stealings, he would not condone. He despised no man because he was poor; he honored no man because he was rich; he honored the man who loved his fellow-men, who sought to live by honesty and industry; he despised the man who regarded his fellow-men not as brothers, but as slaves; who regarded them only as they might be made the hewers of wood and drawers of water; who sought to live by preying upon the poor.

Can the same be said of those who stand forth as his disciples in the pulpits of to-day? Can every clergyman ask himself: "Do I despise no man because he is poor?" and honestly answer, "I do not"; ask himself, "Do I honor no man because he is rich?" and truly answer, "No"? There are many men in our churches of that noble stamp who would sacrifice all for their convictions, of the stamp who suffered death at the stake rather than teach falsehoods, for whom life purchased at the cost of dishonor had no charms, men who would rather fly in the face of riches, put proffered riches and rewards and bodily comforts to one side

than purchase such riches by a worship of Mammon, by catering to the desires of the rich, by excusing their excesses, their crimes against society. But how many are there who are willing to purchase riches by preaching what the rich are pleased to hear, by condoning the sins of the rich against mankind, by teaching that to live by preying upon the fruits of others' toil is no crime under the laws of Christianity, by calling upon the poor to submit contentedly as they may, but, above all, peacefully, to such despoilment!

How many, we ask, are the men who have purchased places in our churches, purchased salaries and the bodily comforts that riches bring, by teaching the lessons and precepts of Christ, not as he taught them, but as the rich, who disobey those precepts, would have them taught, who have purchased their places not only by foregoing to scourge from the pulpit those who gather riches by preying upon others, but by aiding the rich in this despoilment, this aggrandizing of their riches, by teaching the downtrodden that they have no cause for complaint, even though they be ground down to poverty, that there is nothing un-Christian in this upbuilding of the riches of the few upon the poverty of the many? Such men are many, and such are the men who are driving away from the church the masses of the people, driving away the poor and downtrodden who have a right to look to the Christian churches for protection, who have a right to call upon the churches for aid and comfort in the struggle with those who build riches on their impoverishment, who have a right to look to the churches to scourge those who rob them of the fruits of their toil, but who look only to find the churches protecting the rich despoilers and scourging the poor and downtrodden who protest against despoilment. Thus the masses are driven away from the churches because they are not wanted, because they are

not welcomed, because they get in the churches no sympathy, though deserving of it, no assistance for their uplifting to a higher plane of life, though entitled to it, but are called upon to listen to laudations of those who grind them down.

While occupiers of the pulpits of our churches address themselves to the god of cupidity, of selfishness, of Mammon, not the God of love, of charity, of Christianity, men will continue to be repelled from our churches. We may build and consecrate churches to the worship of Christianity, but if the doctrines and precepts of Christ are slurred and outcast therein and Mammonism enthroned, we cannot look for those who strive to live up to the precepts and teachings of Christ—who believe it is their duty to love and help their fellow-men to rise, not each man's right to use his fellow-men as stepping stones for his own enrichment and advancement, if he can—to worship within those doors. Those who transgress the laws of Christianity, and are content to cover those aggressions behind the outward forms of Christianity may build and may frequent such churches, but to do so will not beget them forgiveness for their sins in the eyes of a just God or of Christian men, for the cloak of hypocrisy can never make an act that is a sin righteous, never make wrong right, but quite the contrary, must multiply the sinfulness of the transgression.

To laud men who have grown rich by despoiling other men and who deserve to be scourged for the suffering and distress they have brought to their fellow-men is not Christian. Yet many are the churches wherein the rich are lauded, not because they have done service to their fellow-men, not because they have striven to uplift mankind, not because they have obeyed the Christian precept to treat all men as brothers, but in spite of the fact that they have gathered riches by

grinding down to poverty their fellow-men, by pushing them down rather than uplifting them—lauded simply because of the possession of riches. Wherever the dishonestly rich have gathered—that is, rich not from earnings of industry but from stealings, and there is a sharp distinction between the two—there do we find such churches. We find such churches not only there, but wherever the rich may pay for them. Thus it is that religion is reduced to a question of dollars and cents, thus it is that the worship of Mammon takes the place of Christianity in many of our churches.

It is not the part of a church founded on the precepts of Christ, founded on the equality of man, founded on the great truth that the worthiness of men rests not on riches, but on their good works, that no man loses his rights because of poverty, that riches confer upon the possessor no right to oppress the poor, but multiply the responsibilities and bounden duty of such man to uplift his fellow-men—it is not the part of such a church to give aid to those who seek to build up riches by the enslavement of mankind. On the contrary, it is its part to scourge those who thus banish from mind the precepts of Christ, it is its part to use its force for the emancipation of mankind from such enslavement.

Pulpits of Christian churches should not thunder laudations but maledictions upon the heads of those who seek to make slaves of their fellow-men, upon the heads of those who scorn to gather riches by honest toil and industry, and pride themselves on their success in gathering great fortunes by robbing their fellow-men. Laudations should be reserved for those who struggle to emancipate their fellow-men from the slavery of grinding poverty, they should be withheld from those who aim to bring about this slavery and are content to revel in enjoyments purchased at the cost

of widespread suffering and distress. But in the case of too many of our individual churches it is not so. We find these churches praising those who have gathered riches by preying upon the toil of others, catering to the wishes and pleasure of the rich while passing by the poor, that they, the churches, have aided to grind down to poverty by teaching Christianity, not as it is, not as Christ had it, but as the rich, whose riches have been built upon the enslavement of their fellow-men, would have it.

So we have those who are bending all their energies to profiting from an enslavement of mankind, forbidden by Christianity, directing the teaching in many of our foremost churches. Needless to say, that which is directed to be taught is not Christianity but a worship of Mammon, and equally needless to say, it is taught by men who care less for the precepts of Christ than for worldly goods. No other men could keep their places, true teachers of Christianity would not be tolerated in such pulpits.

Men there are in the church who court dismissal from lucrative positions by teaching the precepts of Christ, by standing by the poor and downtrodden and scourging those who make it a business to trample upon their fellow-men, but in the rich churches they are of necessity few. It was true in the days of chattel slavery, when those who profited from property in human flesh endowed the churches and contributed most liberally to their support; it is true in these days of industrial slavery, when those who profit from grinding their fellow-men down to the slavery of poverty, take the place of the old owners of chattel slaves. Whatever policies are urged by those who are enriching themselves by preying upon the industrial classes, whatever policies the men who seek enrichment in this way may put forward to aid them in their

further plans of aggrandizing themselves at the expense of the many, find a ready echo, a ready approval, in the pulpits of our churches consecrated to the worship of Christianity.

Why this should be so is perhaps a needless question. Our churches, a great many and the most pretentious of them, are built by those who have gathered riches by enslaving mankind, the ministers in these churches have to look to such men for their salaries, and to keep their places and their salaries they cannot displease those who pay them. So they preach to the rich pews, they teach not only that it is right and godly to grow rich by grinding one's fellow-men down to poverty, but that Christ so taught; they profess to see no wrong, only righteousness, in robbing the industrial classes if that robbing can be done successfully and under the cloak of law; they never feel called upon to scourge the rich for such robbery. Thus the rich hear what they want to hear, hear that they have lived up to the precepts of Christianity though they have transgressed the great precept of Christianity by enslaving men they are told to regard as their brothers, though they have trampled upon and oppressed men who have rights as sacred as their own. They hear falsehood not the truth, they listen to hypocrisy, but hypocrisy they pay for and hypocrisy is what they get.

But to expect other men to share in this hypocrisy, especially men who are the victims of it, is not reasonable. Those who have grown rich by preying upon others may banish Christianity and enthrone Mammonism in their churches, but they cannot force Christian men to respect the teachings of churches consecrated to the worship of Christianity, but desecrated by the worship of Mammon. Many men may be led to follow them by the cloak of hypocrisy that they throw over their worship of Mammon, but for the multitude, the great

masses of our people, such churches must gradually lose their attractiveness, their teachings must lose their hold. Because the pulpits in many of our churches are subsidized to do the bidding of the slave drivers of to-day and teach that industrial slavery is righteous, does not make that slavery righteous, all their teaching cannot make a slavery Christian that Christ taught to be sinful and un-Christian, all the subterfuge and sophistry that they can muster can no more make the industrial slavery of to-day righteous, no more bring it into accord with the teachings of Christianity than could sophistry make righteous and Christian the chattel slavery of old.

We have reached the day in which every political question is a social question, and every social question a religious question, and for the Church to side on all political questions at the dictation of the god of riches will not do. It will no more do than it would do before the War when the great political question became primarily a social and religious question, and it cannot be. Those who fill the pulpits of our churches must side as the precepts of Christ direct, they must take the side of freedom and equality; they must teach the rule "thou shalt love thy neighbor as thyself;" they must take sides on the political issues put forward by those who are grinding down to poverty our industrial classes, and those sides must be taken, not at the dictation of the moneyed oligarchy built up by grinding others down to the poverty of slavery, but at the dictation of conscience; must be taken on the teachings of Christianity not the dictation of Mammon, or there will be a serious reckoning to the loss of church and clergy alike. In short, Church and clergy, if they are truly Christian, must stand against policies directed for the enslavement of mankind, they must stand for the emancipation of our industrial classes from the bur-

dens that grind such classes down to poverty and through poverty to virtual slavery.

Yet that Church and clergy cling to the worship of Mammon is, as we have said, not surprising. To teach the precepts of Christianity requires self-sacrifice as of old and sacrifice demands a courage that is too often lacking. But the time must come when the demands for the Church to advance and clear itself of the taint of Mammonism cannot be stifled by hypocritical teachings and then those of the clergy who fail to go forward, fail to purge themselves of Mammonism, will be left by the roadside. It is unfortunately true that many preachers of the gospel, perhaps the majority, are slaves to Mammon, but of all it is not true. As we said, there are men in our churches to-day of that noble stamp who are ready to sacrifice self for their religion, sacrifice worldly place and goods for their fellow-men, and speak from the pulpit about the rich, scourge them for their stealings, for their efforts to enslave mankind, come what may of it. Men of this stamp, we do find, though all too seldom in metropolitan pulpits.

Bitter it is, indeed, when to be respectable, fashionable in the pulpit one must put worldly goods and comforts before beliefs, must shape Christianity in the image of those who mock it, must shape it in the image of those who disdain to follow the precepts of Christ, who put the possession of wealth above all else, deem it a triumph and honor to gain riches, however dishonorably gained, but who have the money to pay for its teaching so as to hold them innocent of all transgression. Yet to hold the fashionable pulpit one must be all this, must teach that it is right for man to enslave his fellow, that men have not equal rights, that those who have might may trample upon and oppress those who have not, that to build up riches by despoiling the weak and poor is no sin, but for the despoiled to raise

a protest is anarchy, the gravest of sins. Thus we have preachers of the Gospel acting as if the first precept of Christianity was to gather wealth; that to grind down the many to poverty in fulfillment of this precept is not reprehensible, but most commendable.

So we have strikes of the oppressed and downtrodden condemned—condemned by men who have chosen to propound the teachings of the Bible, by men who feel called upon to laud the greatest of strikes and the greatest of strike leaders, for his name and acts are recorded in that book. But to these propounders of the Bible, Moses and the strike of the Hebrews from Egyptian bondage carries no lesson. The Hebrews, friendless and downtrodden, hewers of wood and drawers of water for the Egyptians, preyed upon that their taskmasters might be enriched, cried out for deliverance, and Moses came as their deliverer, as the greatest strike organizer in history, and led them from oppression. But what is lauded in the Hebrews who threw off Egyptian bondage, who struck against oppression, is condemned in the oppressed of to-day. For the oppressed of to-day, the worshipers of Mammon in our churches, yet the professed propounders of the Gospel, have but one kind of advice—"bear your oppression that your oppressors who give to the churches and keep us in ease and comfort may be enriched."

So are the churches made repugnant to the poor and the oppressed. Fashionable society, fond of the display of wealth, scorns to worship with the poor, repulses them from the church door by the cold sneer of assumed superiority, of superiority in the Christian Church, in the presence of God, where at least no man is superior to his fellow-man save it be in godly acts, where, if any one should feel humility, inferiority in presence of his fellow-men, it should be he who has aggrandized himself by despoiling others, who has sought to uplift himself by pushing others down. And re-

pulsed at the church door by the scorn of society, so are the poor repulsed within the churches where they are made to feel that money rules, where they are made to feel that they are in the presence of Mammon, where they are called upon to say Amen to the laudations of those who have grown rich by grinding them down to poverty.

There is danger to selfishness, danger to the worshipers of Mammon in such teaching, which, if nothing else can move them, should warn them to desist. And this danger is that the oppressed, seeing

“Right forever on the scaffold,
Wrong forever on the throne,”

will, driven to desperation, resolve that oppressors shall perish with oppressed.

The rich, however entrenched behind the bulwarks of centralized capital, however enriched by preying upon the fruits of others' labor, cannot safely ignore the working classes. The working classes have rights, and no church, even though it may be so exclusive that the preacher can speak from his pulpit as “we the rich”—consider his duty to be to minister to the desires of the rich, and not to the wants of the poor and downtrodden—no church dare ignore these rights. To do so is to build its overthrow, for churches consecrated to the worship of Christianity cannot stand as temples of Mammon.

Mammon enthroned in the pulpits of our churches must be and will be dethroned, and Christianity, slurred and outcast, must be there re-enthroned. It will be, despite all that the worshipers of Mammon, despite all that preachers who address themselves to lauding the rich and passing the poor by may do to prevent; persistence in the worship of Mammon will only add to the severity of the reckoning that awaits the false teachers, false teachers for money and wealth and ease, of the precepts of Christ.

THE CHURCH AND POPULISM.

[April 1st, 1899.]


IT is the fashion of some to sneer at the doctrines of equality and liberty, to pass lightly by the doctrine of the brotherhood of man as something to be sought in heaven, not to be practiced and recognized on earth. And many of those who make it thus a fashion to sneer are good church-goers, regular frequenters of Christ's houses of worship, and declared believers in His teachings. But casting out the doctrine as inapplicable to this world, scorning and slurring and ridiculing those who proclaim it, give it application to conditions of our every day life, and exhort us to practice it on earth even as it is practiced in heaven, these frequenters of Christ's houses of worship, whose fashion it is to ridicule those who proclaim the doctrine of the brotherhood of man, and in proclaiming it give it practical application, are Christians only in outward form.

The church-goer who refuses to recognize the doctrine of the brotherhood of man as applicable to this earth, who ignores it and tramples upon it at his convenience, who casts it out as unacceptable in our present life because it does not comport with his schemes of despoiling his fellow-man, whose fashion it is to pass over this doctrine as one not to be lived up to on earth, is but a hypocritical Christian. To our mind he who would pass through the portals of heaven must give observance to this doctrine on earth, comport himself in accordance therewith that he may promote by his life peace and good will and happiness on earth, not bequeath strife, discontent, suffering and

tears. For it is by life on this earth that man's fitness to pass through the portals of heaven, to enter into a life of perpetual bliss, a life where there will be no discords, no strife, no cause for tears, no bar to happiness, must be tested. He who on earth has sought to remove injustice and oppression, the cause of discord and strife, who has sought to remove the cause for tears, lift the bars to happiness, will find the portals of heaven flung wide open to him in welcome; he who has stooped not at injustice on earth to gain his ends, who has sought wealth by despoiling his fellow mortals in a way to bring tears and suffering, must find the portals of heaven barred against him.

This is what Christ taught us; this is the meaning of the doctrine of the brotherhood of man, a doctrine given to us not to be passed lightly over unheeded, but for our observance on this earth, as a beacon light pointing the way to a higher life. He told us not only of a future life; He taught us how to gain that life for ourselves, taught us the necessity of leading a godly life on earth, of giving our pittance to make the world a vale of happiness and not of tears if we would enter into the future kingdom of eternal happiness. For the ungodly on earth cannot be permitted to enter the kingdom of heaven, and to disobey the doctrine of the brotherhood of man, to trample on the rights of others, to despoil one's fellow-men, seek riches in a way to cause injury and suffering is ungodly on earth. So Christ taught His religion; such is the meaning of Christianity. And in thus proclaiming the meaning of Christianity we are not dogmatic; we are simply proclaiming self-evident truths.

And these truths do none the less demand recognition, nor is the observance of the doctrine of the brotherhood of man any the less imperative, if we would gain entrance into the kingdom of heaven by uplifting



man on earth to a higher state, because in many pulpits these truths are hidden beneath generalities and the doctrine of the brotherhood of man treated as a doctrine to be dimly preached about, but not to be practiced on earth. But practiced on earth that doctrine will be in the end, for those peoples who come nearest to living up to that doctrine will outstrip all others, supplant all their rivals, for the very fact that they come nearest to the observance of that doctrine must make them strongest and fittest to survive. For where there is greatest justice, greatest equality of opportunity, greatest assurance given to men of enjoying the fruits of their labor, will the incentive to the production and saving of wealth, to invention and the economizing of labor, be greatest, and so the enrichment, the progress, the advancement of the race be most rapid. And, therefore, by a process of natural selection, in accordance with the doctrine of the survival of the fittest, in accordance with those divine laws which make progress inevitable, retrogression impossible, will the doctrine of the brotherhood of man gain observance on earth.

It will force that recognition for itself, for the nations that repudiate it will be blasted for their disobedience of that divine given law; the nations that observe it will prosper and progress and grow stronger just so long as they observe it, and the people that most perfectly observes it will outstrip all the rest. So the observance of that law will be kept to the fore and the progress of the world be insured by the very fall of empires, a decay and disintegration that it is ordained shall befall empires that fall away from the observance of such law. It is a curse upon the peoples who cast out the laws of divine justice, a blessing upon the peoples who observe those laws; retrogression for those who disobey; progress and strength for those who

obey. The question for us to-day is: shall we disobey and decay as a people to be outstripped by some people truer to the doctrine of the brotherhood of man than we, or shall we obey, progress, continue to grow in strength, outstrip all other peoples in wealth, in happiness, in the upliftment of mankind, in all that makes a nation truly great and deserving of its greatness?

So long as a nation having attained greatness shows itself deserving of such greatness its greatness will not desert it. But let it be undeserving, let it cease to observe those rules that made it great, and its greatness will crumble away. Observance by the American people of the doctrines of liberty, equality and the brotherhood of man, observance to a greater degree than accorded those doctrines by any other people, made the American people great—greater than any other. Observance of those doctrines made them deserving of their greatness; while they hold to the observance of those doctrines their greatness will not forsake them.

But are we holding to the observance to these doctrines with the strictness that alone can insure our continued superiority over other peoples? This is the serious question before us, for forsake this observance and our greatness will forsake us. And trifling with such doctrines as equality, liberty, the brotherhood of man, scoffing and sneering at them, as is the fashion of some, are we seriously imperilling our greatness. Our hope, the conviction that gives us unbounded faith in the future and greatness of our people, is that those whose habit is thus to scoff and scorn form but a small minority of the American people, and that the great majority, inherently honest and just, anxious that this great country be run according to the precepts of Christ, that justice be done and equal opportunities accorded to all men, will not long tolerate its running by those who refuse to give observance to the doctrine

of the brotherhood of man, refuse to give recognition to the cardinal tenet of democracy, and are bent on the despoilment of their fellow-men. Against such rules and rulers, against those who fail to observe the doctrine of the brotherhood of man, against those who profit by the disobservance of that doctrine, the Christian Churches should themselves preach the crusade. In many, largely dependent for support on the contributions of those profiting from the disobservance of such doctrine, from the trampling upon the teachings of Christ, we doubt not the preaching of such crusade will be difficult; that many pulpits will be filled by men who, though seeing the need of such crusade, will lack the courage to preach it, we have no doubt; but that in many pulpits will be found men ready to sacrifice self for the upliftment of their fellow-men, ready to sacrifice self to save to their country its greatness, we have faith.


"Latterly," writes "Matthew Marshall," in the financial column of the New York "Sun," "the Socialists have made many converts to their views in this country, and it is not a little remarkable that, although most of them are unfriendly to all forms of religion, they have found allies among the Christian clergy, who, abandoning the ancient dogma that life in this world is but an insignificant fraction of man's existence, and, with its transitory trials and sufferings, of no account compared with the eternity of happiness which awaits the true believer upon his death, employ the machinery of the church to promote the temporal as well as the spiritual welfare of mankind."

But to our mind it is not remarkable that so many Christian clergymen have preached populistic doctrines, but remarkable that so few have. For Populism proclaims the brotherhood of man, proclaims what Christ taught two thousand years ago, proclaims it not

as a dim unreality to the observance of which men cannot be expected to be held, but as a doctrine to be observed, to be followed in our life on this earth. And Populism proclaiming this, demanding justice and equal opportunities for all men, insisting that in our government and in our every day life observance shall be given to the doctrine of the brotherhood of man, why should not clergymen of the church of Christ preach the doctrines of Populism? In so doing they would but give practical application to the teachings of Christ.

We are told that between Socialists and Populists and the Church there is want of reciprocity, that Socialists are "unfriendly to all forms of religion" and that this is enough reason for the Church to be unfriendly to Populism, which, in the purview of "Matthew Marshall" is one and the same thing with Socialism. But to the Christian Church Populists are not unfriendly. They are unfriendly to the churches only where they see Mammon in the pulpit and Christ dethroned, only where men bow down in worship at the shrine of gold and not at the brotherhood of man, only the churches where the doctrine of peace and good will on earth, of equality and happiness, of justice and liberty, of the brotherhood of man is not taught, churches consecrated to the worship of Christ and the promulgation of His teachings, desecrated by the worship of Mammon. For the true Populist is the most fervid of Christians; his cardinal faith is the cardinal tenet of Christianity, the brotherhood of man. To that teaching of Christ he aims to give practical application to the end that justice may be secured on earth, causes for strife and discord removed, peace and good will, happiness and progress reign.

And why should not the machinery of the Church be employed to promote the temporal as well as the spir-



itual welfare of mankind, why should not the Church exert itself to ameliorate the trials and sufferings of mankind instead of counseling men to patiently and uncomplainingly bear such trials, comforting themselves with the thought that those trials and sufferings are but transitory and to be regarded as preparation for a future life? We assert that trials and sufferings born of injustice and oppression on this earth are no preparation for a future life. Rather does the toleration of such trials and sufferings show that the doctrine of the brotherhood of man is not given observance, and surely men cannot be prepared for a future life by the non-observance of that doctrine in the present. It is only by our life on earth that we can purify ourselves for entrance into heaven; it is only by our life on earth, by observance of the precepts of Christ in our earthly life, that we can show our fitness for entrance into a future life, where all things will be pure, where the sordid is unknown. And surely it should be the effort of the Church to aid us thus to purify ourselves, to aid us right injustice and wrong, give application to the doctrine of the brotherhood of man.

True, it may be said that those who bear the trials and sufferings born of injustice and oppression are not guilty of any un-Christian act, that for such injustice of man to man and from which they suffer they are not responsible, that submission in meek spirit will gain for them easy entrance into the future life of bliss, when death comes to relieve them of their earthly sufferings, that the sufferings which their poverty entails upon them should be welcomed as the price of heavenly happiness. But as "Marshall" himself points out, "the patience with which men were once taught to endure remediable evils was not a virtue."

No man has done his full duty on earth who has not sought to better the lot of his fellow-men, remove in-

justice, lift oppression. And he who in the presence of injustice has sought not to remove it cannot escape responsibility for the trials and sufferings resultant therefrom. To the extent of his power to remove such injustice, and that he fails to exert, he is remiss in his duty to self and his fellow-men. To tolerate injustice when capable of preventing it is but one step removed from perpetrating that injustice. It is the duty of every man to do what he can to make life on this earth something akin in a materialistic sense to the life expected in the Kingdom of Heaven. The more nearly akin we can make such life the more sure can we be of a welcome in the future kingdom. If we fail to make it as nearly akin as lies within our power we are remiss in our duty, responsible in some degree for trials and sufferings on this earthly sphere, must bear the onus and have it to explain.

We may regard this earth as our great training school for entrance into the spiritual life of the future, the life of eternity. And through this training school it is the duty of the Church to guide us, guide us as near to observance of the doctrine of the brotherhood of man in our government and every-day life as is possible, for it is through such guidance, guidance in the temporal field, that the Church can promote our spiritual welfare.

In short, the Church can help us to do our duty by our fellow men, help us weed out injustice, help us destroy all those things destructive of equality and liberty, help us establish on earth the doctrine of the brotherhood of man in all possible perfection. Against all things destructive of equality and of the brotherhood of man, against all things that hinder the observance of those doctrines, against all those who, profiting from despoiling their fellow-men, insist that the doctrine of the brotherhood of man, of equality

and exact justice should be treated as an unreality and not given practical application the Church should lead the crusade. And that this crusade should be found to lead along Populistic lines should turn no one from the crusade. As honest men preaching the crusade come to observe this they must sweep their prejudices away, and go forward with clearer insight, firmer step. When they awaken to the fact that the Republican and Democratic parties are the protectors of injustice and special privileges, of railroad rate discriminations, schemes of overcapitalization, trusts and combines, protectors of those who cast overboard the doctrine of the brotherhood of man as not fitting their purposes; when they awaken to the fact that those parties oppose the practical application of that doctrine to our conditions, and to the end that justice may be done and equality be restored; when they awaken to the fact that it is the aim of the People's party to give such application to the teachings of Christ, the present aim of Republican and Democratic parties, controlled by the money cliques, to prevent, they must lead the crusade against the two old parties and rally to the support of the new. Populism teaches the brotherhood of man, so does Christianity.

CHRISTMAS THOUGHTS.

[December 30th, 1899.]

ON Christmas Day we dole out a little to the needy whom we have stripped of the fruits of their toil, stripped of the right to labor, obliged to pay tribute for the exercise of that, a God-given right, and, thinking ourselves charitable, pleased with our passing exhibit of graciousness and kindness towards our fellow-men, go on our way rejoicing, quite forgetful, aye, oblivious, of our inhumanity to man. To strip one's fellow-man of the fruits of his toil, to get the machinery of production and distribution in hand and use that machinery to exact tribute of men for the right to work, is not brotherly. Yet in this way, in a way to make countless thousands mourn, do men grasp for, and, aye, reap riches too. Indeed, to grasp the machinery of production and distribution for selfish ends, systematically organize this machinery into trusts and monopolies and railroad combines for purposes of despoilment, scatter special privileges and deny opportunities until men are obliged to put themselves under tribute for the right to work, surrender a part of the fruit of their toil, and which is justly theirs, for the right to labor, is the quick road to wealth, and one that men follow with alacrity.

In such tribute exacted from one's fellow-men, in the gross overcapitalization of corporations of all kinds, in the manipulation of the stock exchange markets for the stripping of men of their savings, are founded nearly all the great fortunes of to-day. It is so, through paths of injustice, not of brotherhood,

with a spirit born of greed, not of charity, that men seek riches, bowing to the god of Baal for a guide, trampling the precepts of our Saviour ruthlessly under foot, as if such precepts were not given for our guidance, but for a better world, and seek riches with success. Indeed, they look upon those precepts as a pretty conceit of a Utopia, as impracticable of application in our earthly lives, as out of harmony with the system for gathering fortunes, a system of injustice and greed which they have made their own, and rather look down with pity, the pity of contempt, upon those who regard such precepts as given to us to be practiced as well as taught.

And those who have disregarded these precepts have prospered mightily—in a worldly sense—and those who have striven to regard them have not; and those who have striven to effect changes in the system of production and distribution, changes to release the many from tribute to the few and give unto them the rights that of right are theirs, the rights to equal opportunities of labor and enjoyment of the fruits thereof, but that have been denied to them by the crafty and mighty and unscrupulous, taking greed for their guide, stopping not at injustice and disregarding the precepts of Christ, have been covered with maledictions. And so do we have an un-Christian world—at the top. And, worst of all, our churches condone the acts of those who so ruthlessly trample on Christ's precepts, hold such precepts so lightly as to ridicule the very thought of practicing those precepts in their daily lives, ridicule such thought as the dream of impracticables, while our pulpits ring with denunciations of those who believe that to attain a better world we must practice those precepts, and who, speaking their thoughts, cry out against injustice, demand that those practices by which the few strip the many of the fruits

of their toil, rear fortunes while countless thousands mourn, shall cease.

But shall we indulge in any lament over the lot of the reformer; is it right that we should? It is true that pursuit of altruistic ideals, efforts to lighten the lot of mankind, make this a better and kinder and happier world to live in are often rewarded with earthly discomforts. And we, who bear such hardships, such sacrifices as the reward of our labors for mankind, may sometimes feel embittered towards a world so apparently unfeeling and unresponsive, that ridicules and spurns us for our efforts, may sometimes, discouraged, disheartened, be inclined to peevishness, disposed to cease in our efforts so unrequited, turn our energies in other directions, give up the unequal fight.

But have we a right to give way to bitterness, peevishness, discontent and drop our ideals, cease our efforts to uplift mankind because crowns of thorns may be the present and prospective quittance for our labors? Let us remember that the world owes its advance to the named and unnamed heroes of the past whose earthly reward has figuratively been the cross, but have left to mankind the priceless heritage of new ideas and thoughts as a leaven working for better things. And in the light of the spirits of these heroes, aye of the sufferings of our Saviour, is lamentation over our lot worthy of us? Surely it is not.

Mortal we are, sometimes we may lament, but let us not so far give way to lamentation, to discouragement, as to give up our efforts to beat down the tyranny of the strong over the weak, injustice, man's inhumanity to man, born of greed; ourselves succumb to the spirit of greed. For truly there is a better, a more worthy, a happier spirit to follow, that of love, the brotherhood of man, and a spirit that points to higher things, that followed makes nations great and

strong, that discarded leads to decay. For nations, peoples, cannot escape the penalty of disobeying God's laws; that penalty is decay, destruction, an effacement from the very surface of the earth, and the greatest of those laws is the brotherhood of man, the antithesis of which is greed.

Shall we then begrudge sacrifices to save our nation from this spirit of greed that corrupts and destroys, crushes manhood, the national life? It is true, and we quote from the Philadelphia "North American," that "not less charity but a larger charity is the world's sorest need—a charity that will give Christmas hospitality to new thoughts, or to old thoughts newly presented to fit modern needs, even when their logic means consequences hostile to the privileges of the few to whom the mass of men, and the earnings of the mass of men, are subject. We welcome the Edisons, the Teslas, the Stephensons, the Watts and all who show us how we may increase our wealth by improving the machinery of production; but upon those who would show us how we may increase the happiness of the race by improving the machinery of distribution we turn no Christmas face. To great soldiers who display genius for killing we give cheers and riches and honors, but for those who in Christ's and humanity's name plead for justice and mercy and peace we reserve the cross."

But shall we begrudge sacrifices for mankind because the world begrudges us so much as a charitable reception for our thoughts, extends to us no plaudits, but points to the cross as our reward? Though the flesh be weak and sorely tempted we surely must not.

And after all does the world begrudge, refuse us a charitable reception for our thoughts? The world that doles out a little charity to the needy in material things, or even, in its narrow philosophy, condemns

even this poor charity as the breeder of the very evils it seeks to remedy, surely does. But is this all the world? Surely no, there is an immensely broader world than this, the under strata so much thicker than the upper, that knows the charity that gives material things, and is regarded as so fine by those who give, "is no cure for the sufferings of the world that spring from poverty, else want would have vanished from the globe ages ago." And this world is not un-Christian; it has a welcome for the thoughts that those who support the old school of icy political economy which examines the social morass with interest, not to remove but to justify, has no welcome for.

It is true that it is most difficult to get such thoughts before this welcoming world, and so is it also true that the encouraging welcome of this world comes to the ear only in broken whisperings, not the volume which enthuses men with the spirit of victory, for the voice of this world is largely smothered, the so-called mouthpieces of public opinion, the great newspapers, mouthpieces for those with money not those without, are not open to it. But in this world that is crushed down because not united in resistance there is the strength to crush down the spirit of greed and rear in its place a body politic and system of wealth production and distribution resting upon the sublime spirit of the brotherhood of man. And this world is a Christian world. To this let Prof. Wyckoff, of Princeton, a well-to-do student of sociology who has conscientiously sought to gain a first-hand knowledge of the social conditions existing among the working classes by working as one of them, knocking over the country in various capacities, as farm laborer, railroad "navvy," hotel porter, subscribe:

"A thing that struck me," he writes, "was the attitude of workmen toward religion. I have attended

many of the Socialist and workingmen's meetings in Chicago, and was much impressed by the range of knowledge displayed by the men. They would sneer at the preachers, but Jesus Christ was their ideal. The preachers they called the parasites of society. They would receive the name of the Saviour with veneration, because they regarded Him as the ideal of the solidarity of the human race and the brotherhood of man. It was a great surprise to me when I learned of the attitude of the workingmen toward religion and their reverence for Jesus Christ."

Therefore let us take courage, for though our nation be un-Christian at the top, though our churches may condone the acts of those who ruthlessly trample on Christ's precepts but by hiring the front pews purchase indulgence, it is sound and Christian at the core. And such a nation cannot be deaf to appeals to the better and humaner sides of man; in such a nation the monster selfishness cannot sway so many men or so deeply as the spirit of love and brotherhood; in such a nation the spirit of love, the spirit that sets for a better and kinder and happier time, can triumph over the spirit of greed that makes for the downfall of nations, and it will triumph too, if, with a courage not to be daunted by obstacles, a determination that counts no sacrifices, we but exert ourselves to bring the great world that believes Christ's precepts were given us to be practiced to assert its strength.

POPULISM AND THE GOSPEL OF PEACE.

[February 11th, 1899.]

FROM the four quarters of the earth rises the wail of oppression and distress that oppression brings. Some in blind selfishness, content if they can gain comforts and luxuries and revel in pleasures regardless of the sufferings of their fellow-men, may close their ears and steel their hearts against it; we hear it as an ominous roar, the swelling roar of an outraged humanity oft denied the right to labor, oft deprived of the enjoyment of the fruits of toil and seeking, somewhat aimlessly, but earnestly, insistently, for justice, relief. Men are denied an equality of opportunity, they are obliged to toil for those enjoying special privileges and for a recompense barely sufficient to keep body and soul together, insufficient to enable them to accumulate wealth and rise to a higher state. And if perchance sickness overtakes them, they become decrepit as a working machine or be thrown out of work, they and their families are prone to suffer infinitely.

The despoilment of the many by the few was never so systematized and effective as it is to-day. True, labor is more productive than ever before, a livelihood should be easier gained, men should live better, their material and intellectual lot should be vastly and steadily raised, raised just as improved machinery, as greater knowledge applied to the direction of industry makes their labor more productive. But this increased productiveness of labor goes to the enjoyers

of special privileges, goes to enrich the favored few. Thus do contrasts between riches and poverty grow, thus does unrest increase, thus is poverty by very comparison made harder and harder to bear.

The investor is robbed of his savings, the wage-earner is made to pay tribute to the trusts that the railroads build. The sacredness of contracts is artfully broken by changes in the value of money engineered by the money cliques, of course in their interest and to the detriment of those who toil. Taxes are levied so that the burdens fall largely on the poor, so that the rich escape, so that the poor pay many times the taxes in proportion to their earnings as the rich.

Thus are those who toil put under tribute for the support of a favored few, thus do men gather riches by preying on the fruits of others' toil. And where there is robbery by the strong of the weak, of the poor by the rich, there cannot, even though such robbery be under the forms of law, be peace on earth and good will to men.

Men do not practice the gospel of peace, and failing to so practice the world is drifting to a social revolution that will right the wrongs of the oppressed. This social revolution it is the aim of Populism to control that it may not end in blood, that it may be a revolution for the rendering of justice not the wreaking of vengeance. Populism recognizes the causes of the wail going up to heaven from suffering humanity, it makes its bounden duty the removal of those causes, those causes for strife and bloodshed on earth; it demands that justice be accorded to all, it preaches the Gospel of Peace. If men profit not from its teachings, if its warnings are not heeded, there will come in blood the revolution that ought to come in peace. The way to avoid dire strife is to freely accord to all men justice,

to protect them in their rights, to insure to them an equality of opportunity in the production of wealth, and free enjoyment of the wealth they produce; assure to them the right to work, remove the causes that give them just ground for complaint. To effect this is the mission of the People's party.

WHAT WE STAND FOR.

[April 14th, 1900.]

WE stand for justice, love, equality—a rule of these three things on earth. We believe in the brotherhood of man—believe this doctrine was given us to be practiced, not merely preached. It is tacitly assumed in many quarters that it is impracticable to practice this doctrine in our daily lives. He who would do so would be sadly outdistanced in the race for material wealth, the attainment of which is the modern-day world's test of success, the goal that is striven for. Therefore this doctrine must be thrown to the four winds—not avowedly, no, but just simply ignored, for those who treat this law as a dead letter in their daily lives and in their struggle for riches subscribe themselves, with all outward show of sanctity, as believers in this doctrine—thus publicly subscribe themselves even while they speak with scorn and cover with heaps of ridicule and abuse those who maintain that we should regulate our daily conduct by the rules of love, justice, charity, not the rules of greed.

But for our part we gladsomely take the scorn and accept the heaps of ridicule and abuse that come with refusal to throw the doctrine of brotherhood to the four winds. For we believe in that doctrine, believe that the road to true success in life, to greatest happiness and contentment of spirit is to be had in following out that doctrine in our daily lives, not in casting it aside as impracticable. For there is a higher goal to be sought in life than the gathering of riches, a goal the attainment of which can bring greater happiness than any mere possession of riches can bring. Knowl-

edge of having been the means, in some small measure, of uplifting one's fellow-man, alleviating distress, rectifying wrong, can give greater satisfaction than the possession of wealth, gathered by grinding the heel on the neck of mankind, at the cost of one's fellows, possibly can.

Those who are profiting from grinding the heel on the necks of their brothers, those who are reveling in riches so gained, may find it hard to remove the heel. They may feel that it would be a hardship to be constrained so to do. But with all the riches so won they cannot purchase the highest happiness. For that is something that money cannot purchase.

In the enjoyment of the pleasures that money can purchase they may believe that they are enjoying the highest happiness. And the sufferings of the many upon whom the heel of oppression is ground may be banished from their ken, the injustice from which they profit may be covered to their ear, hidden from their eye, unknown, unrecognized to them. From all this they may hold themselves aloof and succeed in giving it no thought. Their pleasures may be undisturbed by any thought, aye, any knowledge, of the wrongs perpetrated upon their fellow-men, their brothers, in the gathering of the riches in which they revel. Indeed, they do not look upon such fellow-men, below them in the possession of worldly goods, as brothers in any sense. But while they do not regard such men as brothers and treat them as such they cannot enjoy happiness in its highest and fullest sense.

They may believe that the possession of riches is the high road to happiness, but they know not what true happiness is. Nor while they look for happiness in the pleasures that riches may buy can they know. While they pursue this road they are cut off from enjoyment of the highest happiness. For that is not to

be purchased with riches. It is to be found only in helping one's fellow-men and therewith self, helping them not by giving to the poor and destitute of one's riches but by taking from off their necks the heel of oppression, of exaction, of injustice, by ridding ourselves of the spirit of greed that begets tyranny and injustice. For to give of one's riches to the destitute while keeping upon their necks the heel of injustice, of monopoly, of exaction, by which such riches are gathered and which makes them destitute, amounts to nothing. This sort of giving, this charity of condescension that tends to pauperize and degrade, is common enough. But this is not true Christian charity. The help that we extend not as a condescension but as a duty that we owe to our fellow-men as brothers is the help that exalts and uplifts, the help that truly helps. The charity of condescension, the charity given with lordly air, with the thought expressed by manner or by words that I am holier than thou, is the charity, or rather dole giving, of a pagan world, of the Roman lords who fed the scum of a depraved humanity that came to populate the imperial city where splendor contrasted with poverty as nowhere else on the known globe—a dole giving done as much to quiet this scum of humanity and secure the riches of the Roman patricians from assaults from this very scum, a scum the gathering of the riches had made so, as from charity. And such giving is not Christian charity at all. It is on the same level as the buying of indulgences.

Further, the true road to the gathering of riches and national wealth lies in following out the doctrine of brotherhood, of love, of justice, not of greed. For where no heel bears upon the neck of the toiler to deprive him of a great share of the fruits of his labor will he labor with greatest vigor and results, putting

the strength of his brain into his arm, as he will when hope and ambition are not dulled by seeing the results of any increased production on his part taken from him.

As the labor of the free man is more productive than the labor of the slave, and for the reason that the slave has no incentive to increase the productiveness of his labor, no incentive to throw his brain into his work, so will the labor of the free laborer be more productive just as he is more nearly protected in the enjoyment of the fruits of his toil, and will more largely share in any increased productiveness.

Where the heel of monopoly, and exaction, and injustice weighs least upon the neck of labor will the productiveness of labor be prone to most rapidly increase. The path to riches and national wealth lies, then, in lifting this heel; lies in giving recognition in our lives to the doctrine of brotherhood and not along the tracks of greed. If we would grow rich and strong, keep clear of the danger of falling into national decrepitude as have great empires of the past, and as the direct result of their very accumulation of wealth, but wealth gathered in a way destructive of the manhood of the masses of their people, let us follow out the doctrine of brotherhood, of love, of justice. Then will wealth be more and more rapidly produced, then will riches accumulate more rapidly than ever in the past, but accumulate not in puddles as now, the few vastly rich and the many stripped, but be widely distributed; then will the enjoyment of one in the increased fruits of labor be the enjoyment of all; then will the accumulation of wealth, not destroying the spirit of independence among our people, but adding to it, be a source of national strength, not of weakness.

So do we spurn the idea that it is ordained that in

our daily life we must, in order to succeed in the race for wealth, trample under foot the doctrine of the brotherhood of man. We assert that not to follow such doctrine must, in the end, put us out of the race for the goal of national wealth. In following the road to the accumulation of wealth, and preaching the doctrine of brotherhood, we do not then put on the cloak of hypocrisy. The wearing of that cloak we leave to those who rejoice to see the wealth of the country gathered into puddles and still preach the doctrine of the brotherhood of man. And hypocrites enough of this kind we have.

BROTHERHOOD.

To some our thoughts, our ideals, may appear a bit altruistic, but they are not to be put in the realm of the unattainable. We believe in a rule of love, justice, equality; we would apply the teachings of our Master, and those things that we have to propose to give them application are not impracticable. On the contrary they are thoroughly practicable. We aim to constrain the removal of the heel of oppression and exaction that the few have placed upon the necks of the many. It is this for which we stand.

And when we use this pronoun "we," we do not use it in any merely personal sense, but rather in that impersonal sense which would include all those who hold such views as we have come to express, and which we take it all true Populists hold from the heart. For what we have been teaching is Populism.

For measures of public policy, for the promised ways of reform for the evils that beset us, we have but one measure, the brotherhood of man. We try to weigh all things proposed by the measure of this doctrine. When a way for reaching some reform is unfolded before our minds, we ask, in our inner conscience, will it

stand the test of the brotherhood of man and not be found wanting? If found wanting we discard it as unrighteous and unjust; if not found wanting we avow it. This is the test we have set for ourselves. By this test we have measured the reforms we advocate, and have not found them wanting. We urge and advocate them because their adoption would do justice not merely to a class but to all men, do wrong to none. In effecting reforms and lifting unjust burdens from the backs of the many, freeing labor from the grinding heel of oppression, we would not wrong a minority because the people who have been grieved against, and who constitute the majority, have the power. For might does not make right. Grieved against as the masses of our people have been, hard as the heel of the favored and unscrupulous few has ground upon their necks and screwed from them a large share of the products of their toil, for which no value has been given in return, they breathe no spirit of vengeance. For those who have profited from measures of injustice they have charity. All they ask is for justice, and to others, though their one time oppressors, they would accord exact justice even as they demand it for themselves.

DIRECT LEGISLATION.

It is for this that we stand. We believe that men are born with equal rights, that to deprive men of them by giving to others special privileges is a crime, and as men are born with equal rights they have an equal right to express themselves and take part in their government. If they are deprived of this opportunity to take part in their own government, make their voices heard and their will done, they will be denied equal rights and the enjoyment of the full fruits of their toil, for special privileges will be granted,

discriminations will be tolerated. And of this opportunity our people largely deprive themselves when they place their government wholly in the hands of representatives, delegate their legislative powers, the power to sell or give away franchises and special privileges, to representatives. For when they delegate such power to representatives, the power to sell franchises and special privileges for private profit, they subject such representatives to temptation and sow the seeds of corruption. And this power we have delegated, and these seeds have been prolifically sown.

So we have corruption in government, so have we the people's birthright to an equality of opportunity given away, for it is this that is done when franchises, publicly licensed monopolies, are granted and special privileges given. And that the people may win back this birthright we urge that they assert their right to take direct part in their government; that they refuse to longer delegate full powers of government, though it be for limited periods at a time, into the hands of representatives; that they keep in their own hands a superior power, a power superior to that which they delegate, a power to veto by direct vote any acts of their representatives, a power to enact by direct vote any laws they may desire, but which their representatives may hesitate to pass—hesitate because of influence exerted by those profiting from the enjoyment of special privileges and ready to pay for a perpetuation thereof. So do we stand for Direct Legislation, for we believe in democratic government, in a government of, by and for the people. And until we have such government we cannot expect that justice will be rendered to all the people. When we have we can, for the people, as a whole, are inherently just.

HONEST MONEY.


So also do we stand for honest money—money that will ever preserve the equities of contracts, that will do justice between creditor and debtor. And this a money of fluctuating value, such as gold has ever been, can never be. To get a money of stable value we must have a money the supply of which it will be in our power to regulate, so that the ratio between the supply of and demand for money will never change. The demand for money we have not in our power to regulate. That is dependent on trade activity, on diversification of industries, on the growth of wealth; things that may or may not keep pace with the growth of population, that in a healthy state ought far to exceed it. But supply we have it in our power to regulate if only we use for our counters material that can be produced cheaply and at command. Of course if we use gold or silver the supply must be limited to the amount produced, an amount varying greatly with the accidents of discovery. And in such case we must expect the value of our money to fluctuate. But if we use paper for our counters, and paper is safer than coin, for it cannot be so easily counterfeited, we may keep it in our power to regulate the supply of money, according to the changes in demand and the changes that ever will be indicated to us by changes in the price level. For prices of commodities are the measure of the value of money, the index of its purchasing power. A falling price level means that money is growing dearer just as surely as a rising price level means that money is growing cheaper. And by increasing the supply of money whenever the price level tends to fall can we prevent money from growing dearer, just as by restricting the rate of issuing money, when the price level tends to rise, we can prevent money from growing cheaper. Thus can a money of stable

1

value be maintained, a money that will not at times grow dearer, rob debtors, take away the profits of industry, paralyze industrial activities, at other times grow cheaper, rob creditors, stimulate speculative ventures, that in the end must collapse, bringing in the wake panic, stagnation, industrial paralysis. So do we stand for honest money, and standing for honest money for paper money.

NATIONALIZATION OF OUR RAILROADS.


We see our railroads used to deprive our people of equal rights and equal opportunities. We see better rates given to some shippers than to others, and we see those some prosper while the others are driven out of business. And we have grave suspicion, a suspicion that turns to conviction when we see how railroad managers, in many cases, gather to themselves great fortunes in short spaces of time, that the favored shippers are sharing their rebates with such managers, aye, are favored because they do. Again, do we see our railroads discriminating against some localities and in favor of others, causing business to stagnate and property to shrink in value in the some and business to flourish and property appreciate in the others. And we suspicion, and our suspicion is proven by results, that those who control the fixing of freight rates buy up the property that they cause to depreciate, and then when they hold such property cause it to appreciate by a reversal of the same power that depressed its value. And in the operation we often see railroads wrecked even as they do the wrecking. But when the railroads are wrecked the cliques are found to have their interests staked in properties along the lines, and when, by a squeezing up of freight rates, such industrial properties are wrecked and the earnings of the roads increased, such cliques are found to have their



interests staked in the railroad properties. For they are found to have had more than an inkling of what was to take place. For theirs is the hand on the lever, and moving that lever that gives and takes away prosperity they have not merely an inkling of what is going to happen; they know. And so do we have wealth stripped from the hands of the many and gathered in the hands of the unscrupulous few. So do we see wealth centralized, and trusts, sheltered by railroad discriminations, grow. Thus through the railroads the many are taxed for the benefit of the few, thus are men deprived of equal opportunities. And that such may be restored to them, that this tyrannous taxation of the public for private ends may cease, we stand for government ownership of our railroads.

PUBLIC OWNERSHIP OF PUBLIC FRANCHISES AND
TRUSTS.

And as the giving away of public franchises is a giving into private hands of the power to tax, and as the exercise of such power for the promotion of private ends is necessarily destructive of that equality of rights which we are taught our government was instituted to preserve, we stand for the public ownership of public franchises. So also, bearing in mind that men are born with equal rights, that taxation at the public's hands, much less by private hands, cannot be justified unless the full value and more of that which is taken as taxes be returned to the public that pays, we turn our eyes upon trusts and combinations that undoubtedly make possible savings and economies in the production and distribution of wealth, but are organized with the prime purpose of reserving the benefits of such savings and economies for the profit of the few and manage so to do. For here we have taxation of the many, not for the benefit of the general public,



but for private ends, and in the levying of this taxation there is a trespassing on the rights of the many. Combinations bringing benefits, but, through the use of the monopoly power that naturally comes with such combinations, reserving such benefits for the profit of the few, it becomes the duty of the government to take over these monopolies, and so take out of private hands this taxing power that the benefits of combination may accrue to all the people, not the few alone. And so for this we stand.

FAIR TRADE.

We believe that in fair trade he who buys must profit even as he who sells. And this sort of trade as it brings good will as well as profit, promotes peace, not discord, we would encourage with all the world. Where we have not the natural advantages that other peoples may possess for the production of some articles, and where those other peoples, in the production of some other articles that we can economically produce, must labor under natural handicaps, it is to our advantage to buy that which we are under a handicap in producing for ourselves, and equally to the advantage of others to buy that which they have not natural advantages for producing for themselves. Thus, as we cannot raise sugar, save under natural handicaps, and many of the countries to the south of us cannot raise breadstuffs, save laboring under similar handicaps, an exchange of breadstuffs for sugar will be mutually profitable, profit us and profit them, both as buyers and sellers, secure us our sugar and them their breadstuffs for less expenditure of labor. And the placing of obstacles in the way of such trade is unwise, for it must turn trade from its natural course and deprive our people of their natural rights. If in any country where there be no natural obstacle to the

production of some article that it does not produce, be no obstacle save one of artificial nature, such as the pressure that a long established and rich industry in another country may bring on those who may attempt to rear up a competing industry, the pressure of underselling be brought to hold on to monopoly, that will bring lower prices temporarily, but, if successful, higher prices in the long run, then by all means let import duties be imposed to protect those building up the competing industry. For such protective duties can be economically defended, and rest on something broader and sounder than class selfishness. But protective duties that shelter our own home trusts cannot be so defended, and ought to be removed. Nor can duties on goods imported from countries of our own hemisphere be so defended. Such duties cannot be regarded as artificial obstacles raised to overcome or offset artificial advantages that other peoples may possess over us. For the only advantages that the peoples of tropical America have over us are their natural advantages. And so import duties on the products of such peoples can only be regarded as obstacles to the carrying on of a mutually profitable trade, and as such we should remove them. For this we stand and stand for no half way measures, but for an American Zollverein.

LIBERTY.

Nor can we see that our course in the Philippines can stand the test of the brotherhood of man and not be found unrighteous. As our course is dictated there by motives of greed, as justice and love and charity for the failings of others demand that we encourage the Filipinos in their aspirations and not put down upon such the crushing foot of might, we stand for giving

those people their independence, helping them to build up a republic.

Thus for all these things we stand; for regard for the doctrine of brotherhood, of love, of justice, of equal rights demands it. And thus standing, we cannot abate one jot of our demands for the sake of victory, even could victory be won by doing so, which we deny. For we hold to the position we do because regard for the doctrine of the brotherhood of man demands it, and so to abandon our position in any particular would be to stamp ourselves false to that doctrine that we proclaim ourselves believers in, stamp ourselves unworthy of our cause. And this would be to invite deserved defeat, not pave the way to victory. To the great doctrine that is the keystone of our arch we cannot afford to be false, even could we hide our falsity in our own hearts. For it is only consciousness of doing what we feel, aye, know to be right, that strengthens our arm. Deprive us of this sustaining force that gives us energy and courage to strive for the right, and in the end must give us victory, and our arm must fall palsied by our side.

Shall we then deprive ourselves of this sustaining force that no one else can deprive us of? Shall we seek the right by compromising with evil, by covering our eyes to wrong? Shall we anywhere turn our back on what is demanded of us by regard for the doctrine of brotherhood, shall we think of surrendering principle for the sake of choosing between two evils, shall we permit greed to tempt us from that which is right as we are given to see the right or, unswerving in our faith, abating no jot or tittle of principle, firm in consciousness of right, go forth boldly and courageously, resolved to be true to ourselves and the doctrine we proclaim above all things? Let us go forward. And then we will win, for we are right as the eternal stars.

OUR PLATFORM.

[May 26th, 1900.—Comment on Platform Adopted by the National Convention of the People's Party at Cincinnati, May 10th, 1900.]

AS a succinct statement of the tenets of the People's party, of the demands of a party whose guiding principle is that it is safe to trust the people to do their own governing, Populists will find the platform adopted by their convention at Cincinnati highly acceptable. No exception will be taken to it by good Populists; it must win the approval of all believers in popular government who will take the pains to carefully peruse it. For the spirit that breathes in that platform is trust in the people. In that spirit was it written, it is that spirit which pervades it.

The aim of the People's party is to uplift all mankind. It recognizes the truth proclaimed in our Declaration of Independence that governments ought of right to be instituted for this end, that governments not so instituted have by nature's law, not the law of kings, no right to exist, that such ought not to be perpetuated but destroyed. It holds that to uplift mankind governments must institute on earth a rule of justice and love. It holds this as a truism. It knows that to place power to rule over the many in the hands of a few is to subject those few to temptation; it recognizes that when men are tempted they are prone to fall, for the best of men are frail. It feels therefore that putting the powers of government in the hands of one or of a few, subjecting men to temptation, must lead to a rule of greed rather than of justice and of love, a rule such as must lead to the degradation rather than the upliftment of mankind.

So does the People's party scorn the idea of government by the Divine right of kings even as the framers of the Declaration scorned such idea. The People's party believes in a higher law of government. It believes that all men are by Divine right sovereign, that no man has a Divine right to rule over his fellows. It believes that no man should be subjected to temptation by being given exclusive powers of government over others. For is it not our constant prayer that we may be delivered from temptation, and as such is our prayer should not our aim be to deliver others from temptation, not put temptation before them? And such is the aim of the People's party. As its mission is the upliftment of all mankind so its aim, as the means to this end, is the establishment on earth of a rule of justice and love. And such rule it feels cannot be established until there is in fact a government of the people, by the people; a government in which those chosen to serve the people shall not be superior to the people, shall be stript of power to thwart the people's will, shall be servants, honored and well paid, but not rulers.

THE VOICE OF THE PEOPLE THE VOICE OF GOD.

Let the power of government rest with the whole people, and it will be to the interest of the governing force to establish a rule of justice and love, for such rule will tend to the upliftment of the whole, any other rule will tend to the injury of the whole, and there will be no temptation to establish other than just rule. And then may the establishment on earth of such rule as will uplift mankind be counted upon. Deliver men from temptation and they will not do wrong. This is the cardinal truth on which men have founded their belief in democratic government as superior to autocratic. This is the truth on which this

republic was reared, this is the truth on which the People's party builds. It is building on this truth that it puts trust in the people, that while disclaiming as absurd the doctrine that the king can do no wrong, it is ready to assert that the people can do no wrong, that while spurning as timeworn and sacrilegious the claim that the voice of the King is the voice of God, does proclaim that the voice of the People is the voice of God. For God works on earth through His creatures. Through us He works out His purposes. When in serious mood and recognizing our own utter insignificance in the presence of God's great works we ask ourselves: what are we here for? the answer in the word of our Saviour is given us, an answer which we cannot look behind but which with all its inscrutableness is satisfying to our reason: to work for the upliftment of our fellow-men, to train ourselves in ways of justice and love and brotherhood, so prepare ourselves for a future life, a future sphere of usefulness. And as children of a great common Father, some of us worthy as some are unworthy, witnessing the beautiful harmony and purity of nature's works that surround us, exalted by the thought that men, too, by their nature must be inherently pure and exalted in purpose, that it is temptation alone that has made some of us unworthy, that removal of temptation must purify and regenerate the world, that the placing of the powers of government in the hands of the whole people and in such way that such powers need never, even temporarily, pass out of their hands must largely put an end to the temptation to do wrong as a factor in our own system of government, leave only the temptation to do right as a factor influencing our governing force, the whole people, we feel that in the voice of that whole people would ever be heard the voice of right, of justice, of love—the voice of God.

DIRECT LEGISLATION.


Thus it is that the People's party puts its trust in the people and builds on that trust. Thus it is that it is ready to say that whatever the people ordain will be for the best, ready to proclaim that where there is a people's government there will be a government superior to evil temptation, a government that will establish a rule of justice and of love—the rule that paves the way, that is requisite to the upliftment of mankind.

It sees that a people's government, a government in which the governing powers are never passed beyond the control of the people, we have not now; that we will never have such a government while the supreme power is passed for stated periods to chosen representatives, who once chosen have power to do what they will—never have such a government until by reservation there rests with the people power to pass by direct vote and at any time, over the heads of their representatives, any legislation that such representatives may refuse to pass; until there rests with the people power to veto by direct vote any legislation not to their liking that their representatives may pass; until there rests with the people power to recall by direct vote, at any time, any representative, any servant chosen by the people, who may persistently work counter to their will, defy public opinion. But it is such a government that the People's party pledges itself to see established. It proposes to re-shape our system of government so that such powers of direct legislation, veto, and recall of unworthy servants, shall rest with the people, so that the will of the people shall be law and then it has faith that there will be just law. At present, having chosen their servants, the people are powerless to have their will done if their once chosen servants refuse to do it, powerless

to prevent the doing of things counter to their will. For their servants once chosen they have no power to give orders to them, no power to dismiss them before the expiration of stated periods—not even though those servants may be profiting themselves by sacrificing the interests of the people. What is more, and worse, when they choose their servants they part with the power to do things for themselves which their servants may refuse to do for them, absolutely tie their hands so that their servants become their masters. And this is all wrong. The People's party insists that when the people choose servants they should retain this power, the power to act for themselves if their servants refuse to act as they direct; it insists that when they elect their servants they should retain the power to dismiss such servants when they prove unfaithful to their trust. For the people to surrender such powers is but to put powers in the hands of their servants such as subject those servants to fearful temptation, is but to invite the corruption of those servants. It leads to a degradation of the public service as it is fraught with evil for the people.

DELIVER OUR SERVANTS FROM TEMPTATION.

As things are now, whenever the people may demand the enactment of legislation that some corporate interests, that have fattened on the enjoyment of special privileges, may look upon as inimical to them, the people's chosen legislators, who have the sole power to pass such legislation, will be subjected to great temptation. For if the corporate interests can buy such legislators they can defeat the people's will. But if such legislators had not the sole power to pass legislation, and they ought not to have; if the people themselves possessed the power by petition and then direct vote to enact such legislation if their repre-



sentatives halted, then the corporate interests could not defeat the will of the people by corrupting their representatives, then the temptation to corrupt such representatives would largely cease, then such representatives would be freer than now, more worthy public servants.

Again, as things are now, whenever corporate or other interests may seek some grant of power, some valuable privilege that in the interest of the public ought not to be given away but which it is in the absolute power of the peoples' legislators to give away, such legislators will be subjected to great temptation. For by buying such legislators such corporate interests can buy valuable grants, buy special privileges, buy value. But if by petition the people could require the submission of any act passed by their legislators to a direct vote, and by a majority vote then cast veto such act, then by buying such legislators the corporate interests could not buy things of assured value, if they bought such legislators would likely find they had bought a gold brick, and such legislators would not be tempted as now.

Further, the legislator or public servant who now betrays a public trust reposed in him is not subject to dismissal until the expiration of the term of office for which elected—unless indeed by impeachment proceedings, which cannot be made to cover all forms of betrayal of public trust, and brought before a legislative body likely to be amenable to the same influences that have caused such public servant to go amiss. If such servants were subject to dismissal, that is if the people could vote them out of office as they vote them in, such servants would be like to think more of retaining the good will of the people than of such rewards, blandishments, bribes as the corporate interests and others may offer to them for a betrayal of the

trust reposed in them. For in such case they could not long retain office without retaining the good will of the people; now they can—can serve the corporate interests regardless of public protest. And so are they often strongly tempted to do so hoping such protest will blow over before election day, before the opportunity is offered to the public to vote them out of office.

So does the People's party give the demand for direct legislation, for the initiative, referendum and imperative mandate first place in its platform. It does this mindful of the mandate to remove temptation from the paths of our servants, mindful of the truth that with temptations removed our servants would be truer servants. It does this because with the people given power to do for themselves, by petition and direct vote, what their chosen legislators may refuse to do for them, and to veto, in the same way, acts that their legislators may pass counter to their wishes, we will have a true people's government in which the will of the people will be law; and because from such a government will emanate a rule of justice and love. And that such a rule would emanate from such a government the People's party does not doubt. It has faith in the inherent uprightness of the people, and it recognizes that self-interest must impel the people acting as a whole to an upright course, for only by a course of uprightness can the whole people prosper; other course must work them injury.

TRUST YE AND LOVE YE ONE ANOTHER.

So the People's party puts trust in the people, makes this its cardinal tenet. It believes the time has come for the observance of this mandate: Trust ye and love ye one another. It believes that men can afford to observe this mandate. Aye, it proclaims that the peo-

ple cannot afford not to observe this mandate, that the government that will result in the upliftment of mankind must be founded on this mandate, that a government of the whole people must of necessity be such a government. Thus its platform opens with a demand for the establishment of such a government, a government in which the will of the people shall be done. Thus it is that its platform rings with the note: trust the people and justice will be done, evil banished.

It holds that the judgment of the people as to what is right and what is best can be depended upon. It proclaims its faith that what the people judge it right to do ought to be done. It believes the voice of the people is as infallible as any earthly thing can be, aye, it is ready to recognize in that voice the voice of God. We demand the public ownership and operation of such means of communication, distribution and production as the people may elect, reads its platform. It believes in the government ownership of our railroads as demanded to put an end to the gross abuses gathered around the manipulation of transportation rates, the doctoring of reports and the watering of capital with a view to despoiling producers and fleecing investors, and does not doubt that as between private and public ownership the people would elect for the latter if given the chance. And so also as to telegraphs, telephones, monopolies resting on public franchises and public utilities in general. Let the people rule, give them power so that their representatives cannot thwart their will, and the People's party believes that injustice bound up with our transportation system, our monetary system and our system of taxation will cease to be longer tolerated or permitted to exist, that a transportation system in the hands of the government, that will render justice to all, will re-

place the system under which equality to shippers in the granting of rates has been an unknown thing and trusts have been bred, that a just monetary system will be reared in the place of the unjust system that we have, that an equitable system of taxation will take the place of the present inequitable one.

REFORM OF OUR RAILROAD SYSTEM.

Our railroad system has been used as a great engine of despoilment as well as of distribution, and the same can be justly said of our monetary system. Those who now enter into business cannot be sure that they will be granted as low transportation rates, both in the assembling of their raw materials and in the distribution of the finished products, as their competitors in the same locality or competitors in other localities. And if they do not get as low rates they are placed under a handicap, a handicap that must be crushing where there is great weight of materials to be transported and freight payments cut a large figure. Thus by a regulation of freight rates the railroads can and do crush out industries. And in the natural order of things they crush out those industries that do not in one shape or another pay tribute to those who manage the railroads; crush out industries in the interest of those in which the men controlling the fixing of freight rates have a direct or indirect stake. The result is that we have a fixing of transportation rates in a way that tends to create monopolies, centralize industries, so breed trusts.

Further, we not only have a crushing out by the railroads of enterprises that are competitive with others in which railroad managers, or rather those controlling the policy of railroads have an interest in seeing prosper, but we have whole localities put under crushing handicaps, such as often rudely stop their growth,

cause depreciation of property, demoralize values. And such demoralization, thus caused, offers splendid opportunities for those controlling the policy of railroads to pick up properties at bargain prices and make handsome profits. For such bargains picked up those controlling the policy of railroads have an interest in seeing the locality in which such are situated prosper, and they have it in their power to give value to such bargains. They have merely to re-arrange freight rates with this in view.

As a result of such manipulation the interests of some railroads may suffer, indeed are likely to suffer. We might add that in many cases they are intended to suffer, though when this is the case we may be sure that the prime manipulators have ceased to be interested as holders of the junior securities of such roads, and are in position to profit from those railroads passing through the bankruptcy and re-organization mill.

Further, we have had in this country a general over-capitalization of railroads with the double purpose of deceiving the public as to the rate of interest earned and paid on the capital invested in railroads, making it appear much smaller than it really is, and, second, of fleecing investors. And to the end of fleecing investors railroad accounts have, in many cases, been shamefully kept—kept so as to hide the true conditions and lead the investing public astray. Thus moneys expended in keeping up the permanent way and rolling stock, moneys not spent in adding to the value of the property, but merely in keeping up the value of the property, and that should be charged to expense account, and against earnings, have been charged to capital account, thus making the apparent operating expenses small, the net profits, applicable to payment of interest and dividends on capital, large. Indeed this has been a rather common practice where the immediate

aim has been to work off watered capital on the public, lead investors to part with good money for next to valueless securities. Such accounting, the resulting figuring out of large earnings, and the making of large dividends reported as earned but really paid out of capital, can of course but lead to disaster to the road in the end. But if, misleading the public, it causes investors to buy the securities on the basis of the reported earnings, makes a market for such securities of but fictitious value at inflated prices, and so enables the manipulators to reap the profits of over-capitalization, exchange watered capital, costing them nothing, for gold, it will have served its purpose.

Thus have our railroads been used to despoil producers, build up trusts, fleece investors. Such are some of the intolerable abuses that have grown up around our railroad system, such are some of the ways in which our railroads have been used as engines of despoilment. And while they remain in private hands they will continue to be so used, for those in control will of necessity be subjected to temptation, for they cannot fail to see how the railroads can be used to promote their private ends, and temptation leads men astray. Put the railroads in the hands of the government, beyond the control of those who have an interest and therefore are tempted to use them for private ends, and then such abuses will be put an end to, our railroad system cease to be an engine of despoilment, remain solely an engine of distribution, become an engine serving the general public, not without equity, not with gross preferences, and scattering evil in its wake as now, but with absolute fairness and justness. It is this the People's party sees as the fruit of railroad nationalization, it holds that nationalization would bring us riddance from the intolerable abuses that have grown up with and are inseparable from our privately

managed railroad system, it is for this reason that it stands for government ownership. And in this it believes the masses of the people will stand with it for the mass of the people believe in equity, and private management of our railroads means our people shall not have equal service, government ownership means that they shall; private management means that discriminations between shippers shall continue as at present and in the past, government ownership that there shall be none.

OF OUR MONETARY SYSTEM

And as the People's party demands the nationalization of our railroads does it demand the nationalization of our monetary system and upon a paper basis. It demands it in the name of justice; that our monetary system, so effective as an engine of despoilment, may give way to a monetary system which will serve only as an engine of distribution. And with its fluctuating unit of value our monetary system has long been made use of to despoil. Back in the Civil War the nation borrowed much money and ran much into debt. It ran into debt when money was plentiful, prices high. Indeed, money had a much different value then than in the years just before or after. Money was cheap and the products of labor dear. In the last years of the war, when money was plentiful and prices high, when the government was getting deepest into debt, industry was active, the earning power of labor measured in dollars and cents large, the payment of debts easy. Labor was in demand and held in growing esteem. But the nation deep into debt and the country doing business on this basis of high prices, the commercial death rate lower than ever before or since, the war over and the demand for money increased by

the bringing of the Southern States back into the Union, Lincoln, the guardian of the people's interests, assassinated and stilled in death, his Secretary of the Treasury, chosen as a friend of the greenback currency, turned to Wall Street, took his cue therefrom, inaugurated a policy of violent contraction. As a result money doubled in value and prices fell by one-half. Of necessity the burden of all debts, public and private, was doubled, as with the fall in prices it took double the quantity of produce to pay them as before. Industry was paralyzed, the commercial death-rate jumped up alarmingly, the country was bled for the profits of the holders of its debts, and of other fundholders whose debtors were strong enough to stand up under the increased strain. In response to popular outcry Congress halted the contraction inaugurated by McCulloch. But it was not long before a second step, finally resulting in a further doubling of the value of money and a further halving of prices, was taken. Silver was demonetized. Gold was made our standard. And step by step money grew dearer and the products of labor cheaper until very recently, when the greatly increased outpourings of new gold, outpourings trebled within a decade, began to relieve the strained situation. Before such outpourings made themselves felt we had a unit of value that as compared to the unit of Civil War time had been quadrupled.

Thus was our monetary system made an engine of despoilment. The People's party has ever entered its protest against such monetary system, ever denounced it. And ever will it, so long as it stands for justice and is true to itself, denounce a monetary system in which the unit of value is a fluctuating one; ever will it stand for a system in which the unit will be stable. And as standing for such a system, as not blind to the

teachings of common sense or ignorant of the monetary history of the world it realized that two commodities such as gold and silver united are likely to make a standard of less fluctuating value than a standard based on either alone, it has stood and still stands for the free coinage of silver, not as a solution of the monetary question, but as a mere temporary step looking to the betterment of the situation. For it realizes that a money system resting on gold and silver, a system in which the volume of money must necessarily be dependent upon the supply of the precious metals, must be lacking in stability. It realizes that the unit of value under such a system must be a fluctuating one, it recognizes that the value of money must change with any change in the relation between the supply of and demand for money, it sees therefore that the only money that can be kept of stable value is one the volume of which can be increased by government in accordance with the growing demands of trade. And this necessitates that the money be made of a substance the supply of which is not restricted. Further, as the value of money is dependent on its quantity not its quality, it is economy to make our money out of the cheapest possible substance that will serve the purpose. And that substance is paper. Thus it is that the People's party stands for paper money, for a currency the volume and hence the value of which can be absolutely regulated by the government, a currency that may be issued directly to the people in payment for public works, that may be redeemed and retired out of the revenues of such public works and re-issued for the creation of new works of earning power, a continual cycle being thus kept up and the nation ever growing richer in public works while the country would be supplied with the best of currencies.

OF OUR SYSTEM OF TAXATION.

We have skipped over the land plank of our platform, but it is not that we have forgotten it, much less that we would ignore it. Rather would we emphasize it and make it more definite, but we must defer speaking of it to another time. So also will we pass the demand for the election of President, Vice-President, Federal Judges and United States Senators by direct vote of the people. We will linger at this time but to say a word about taxation. We have had a system of Federal Taxation that has not fallen equitably upon our people, that has exempted the rich from a large share of their just burden, that has put upon the shoulders of our poorer citizens an undue share of the costs of our government and so tended to further the centralization of wealth in the hands of the few. Our national revenues have been largely derived from taxes, customs and imposts, on articles of very general consumption, articles consumed almost as largely by the poor as the rich. As a consequence we have taxed the dollar of the poor man much more heavily than the dollar of the rich. And this is not fair. We have taxed the man and not the dollar. This should be reformed. We should tax the dollar and not the man. Justice demands this, it is for this principle of taxation that the People's party stands.

For justice is what the People's party stands for, justice in our system of taxation, in our monetary system and in our transportation system alike. Indeed, its mission is to make war on injustice, to war for justice. It stands for a rule of justice and love on earth as opposed to a rule of greed. And, finally, standing for this, it stands for a people's government, for it knows that such a government will institute on earth a rule of justice, of love, strive ever for the upliftment of mankind.

WHARTON BARKER'S LETTER OF ACCEPT- ANCE.

SPEAKS OF DIRECT LEGISLATION AS THE FIRST OF REFORMS;
POINTS OUT THE DANGERS THAT BESET THIS REPUBLIC;
DEFINES HIS POSITION ON RAILROADS, MONEY, TRUSTS,
TAXATION AND TRADE EXPANSION; DECLARES FOR
COMPULSORY ARBITRATION OF LABOR DISPUTES,
IN FAVOR OF PHILIPPINE INDEPENDENCE,
FOR AN AMERICAN ZOLLVEREIN AND AN
AMERICAN FOREIGN POLICY.

LETTER OF NOTIFICATION.

HON. WHARTON BARKER, Philadelphia, Pa.:

Dear Sir: The undersigned, appointed by the People's Party National Convention at Cincinnati, Ohio, May 10th, as a committee to notify you of your nomination by that body as the candidate of the People's Party for President of the United States, take great pleasure in giving you this formal notification, and hope that you will accept the trust reposed in you by the representatives of the Populist masses of our country, as their leader in this great campaign against the plutocracy for the restoration of the lost rights of the people.

With our personal regards, we beg to remain,

Yours, very respectfully,

M. W. HOWARD,

J. M. MALLETT,

W. S. MORGAN.

May 15th, 1900.

LETTER OF ACCEPTANCE.

Messrs. M. W. Howard, J. M. Mallett and W. S. Morgan, Members Committee of Notification:

Gentlemen: As it is my duty so it is my pleasure to accept the nomination tendered me by the People's Party National Convention, and in so doing I assure you, gentlemen, that, standing upon the platform adopted at Cincinnati, my unceasing effort will be to so comport myself during this campaign, and so act if elected President that I may not be judged unworthy of the trust reposed in me. And, as is meet, I make this an occasion to declare my beliefs, my aims, my purposes, without reservation and with such explicitness as I may. For it is not only eminently fitting, but it is the duty of a candidate for the Presidency to present his views on questions of public concern in such shape that the great public whose suffrages he seeks may be able to learn beyond question what views he entertains, what policies if entrusted with office he would lend himself to carrying out and so judge for themselves, not in blindness, but with full understanding, of what he represents, of his claims for their suffrages. So do I present this exposition of my political faith, sure that Populists hold it in common with me, sure that it will find acceptance with the great body of the American people, sure that when it does this will be a better and happier land to live in. For the measures we urge are conceived with the purpose of establishing on this earth a rule of justice and love in place of a rule of greed, conceived in the spirit breathed by Him who preached the Sermon on the Mount, conceived in the spirit on which democracy is founded, may be measured by the test of brotherhood, of justice, of fairness and not be found wanting. If it can be proven that anything we advocate does not

stand this test we will abandon its advocacy; anything proposed to better the lot of mankind, tried by this test and not found wanting we will not hesitate to advocate. For we stand for earnest and sincere devotion for the Fatherhood of God and the Brotherhood of Man, in real spirit and truth, and in accordance with the great mandate: "Seek ye first the kingdom of God and His righteousness."

And now to come to that explicit and direct declaration of my views that is demanded by the occasion, of views so equally shared and upheld by Populists that I feel that one great heart-beat common to us all must be the impulse to their advocacy, views so held in common that is only in keeping with the spirit of truth that in now addressing the American public I should speak of them as our views, rather than as my views, impersonally rather than personally, I proclaim this declaration of Populist faith, which is my faith:

DIRECT LEGISLATION.

That our democracy may be a democracy in fact as well as in name we hold that the principles of direct legislation, the initiative and referendum, must be extended in our system of government and in party management to the end that the people shall be able to govern themselves, veto the acts of their representatives who may prove unfaithful to their trust, become their own legislators if their representatives refuse to obey their commands, carry out their will. Thus would the people ever hold the supreme power in their own hands, thus would they hold a decisive check over their servants, thus would they put those servants in great measure beyond the reach of temptation by putting it beyond the power of those servants to sell out the interests of their masters, thus would a govern-

ment of, by and for the people become a fact on earth, thus would the power of corrupt bosses be destroyed.

This demand we have placed foremost as the fundamental step to the preservation of our endangered liberties and the regaining of our rights, for we must make the vote of the citizen superior to the will of the representative, so destroy the power of the corruptionist to steal the peoples' rights by corrupting their representatives, ere the fruits of victory, when the people triumph over the hireling and deceived hosts of plutocracy, can be adequately safeguarded. The system of direct legislation adopted would remove our legislators from temptation and raise barriers to the arts of the lobbyist. Unless we raise these barriers we will have no certainty when victory crowns the people's banners, when a majority vote for the reforms we advocate, that the fruits of victory will not be stolen from us by the acts of our legislators, subjected to temptation, and proving recreant to their trust.

THE CONCENTRATION OF WEALTH.

We see in this nation, dedicated to the working out on earth and in human government of the principles of the Brotherhood of Man, a vast concentration of wealth in the hands of those who bend their energies to despoiling their fellow-men. We see a rule of selfishness and greed supplanting a rule of love and brotherhood, we see money exalted above man. We see a vast production of wealth and a few who toil not, save to despoil, gathering a greater and greater share of that which is produced. Actually the toiler may reap more than a score of years ago; relatively to that which his labor produces he reaps less. For the speculative cliques who wax fat by living upon others are managing to reap a larger share. And so we have an ever-widening gulf separating the few from the many,

have an ever-widening separation of our people into a House-of-Have and a House-of-Want — have that growing contrast of riches and poverty, that growth of an oligarchy out of touch, out of sympathy with the people, that is the entering wedge destructive of democratic government.

FINANCE AND TRANSPORTATION.

It is chiefly through the instrumentality of our banks that give to the speculative cliques a certain control over the value of money and enable them to command general fluctuations of prices, and through the instrumentality of our railroads by which they confer prosperity and adversity when and where they see fit, building up enterprises and destroying enterprises, causing one locality to flourish and another to languish, one to be thrilled with activity, one to be chilled with stagnation, that said cliques operate. If we would then take away their power to despoil we must loosen their grasp upon the instruments through which they act, we must establish a monetary system and a transportation system that they cannot monopolize, cannot grasp to the exclusion of all others; systems that will serve not peculiarly the speculative cliques but equally all the people.

So do we proclaim that there are two great domestic questions of infinite concern to the material interests and moral welfare of our people that press for solution, (1) the money question, and (2) the railroad question, which involves the trust question. And these questions we would solve by the issue of paper money by the government irredeemable in coin and by the nationalization of the railroads. We know that the Democratic and Republican parties do not advocate these measures. We know that they stand in the way of solving these questions and we cannot prosti-

tute our principles by supporting the candidates of either of such parties. While we believe in the free coinage of silver along with gold as a temporary measure, holding that a dollar based on the two metals is more likely to be stable than a dollar based on one, it must be remembered that the Populist does not want a gold dollar, nor a silver dollar, but a paper dollar that will be an honest dollar, something that gold and silver dollars, the volume of which cannot be regulated at will by the government and in response to the demands of trade, cannot be; and he does not want the railroads to continue to be operated by corporations as preferential carriers but by the government as common carriers.

MONEY.

Our money has not maintained a stable value, but has fluctuated constantly to the loss of producers and profit of speculators. We have a monetary barometer, to take license with a word, in which the mercury, the measure of values, has not kept the same height in the tube. For a quarter of a century prior to midsummer three years ago it crawled higher and higher, with slight drops now and then, until it was a hundred per cent. higher at the end than at the beginning of the period. So debt burdened producers sweat more and more. During the last two years the value of gold, as shown by the price barometer, has shrunk by twenty-five per cent. And now the speculative cliques, in place of this gold barometer by which to measure the value of property, demand a bank currency barometer on which they may blow hot and cold by turns.

We proclaim that it matters not to the people whether this currency barometer is based on national bank notes—Republican plan—or on state bank notes—Democratic plan. The question is shall we go back-

ward or forward, shall we establish a monetary system less honest than gold, more injurious to the producing classes, more to the profit of the speculative cliques bent on despoiling the wealth producers, or shall we establish a system more honest, that will do justice by the producing classes, by all classes, and stop the robbery of some men by others through the instrumentality of our banking and monetary system?

The speculative cliques want a currency that by expansion and contraction they can make cheap and dear and prices high and low by turns. The people want a currency that will expand with their needs, which will grow neither cheap nor dear, but maintain a stable value, thereby securing the equities of debtors and creditors and placing business upon firm foundations, free from the ups and downs in prices over which men not in the cliques have no control and against which no business foresight can guard, yet which may strip them in almost the twinkling of an eye of the profits of a year, of the savings of a lifetime, throw them from hope into despondency, cut off the promise of success, open the way to bankruptcy.

This currency that will maintain a stable value it is the duty of the government to give. It is its duty to regulate the volume of money in a way to accomplish this. The amount of money needed to accomplish this, the times when more money must be issued to preserve the stability, the times when smaller issues are required can readily be ascertained. We have in the general level of prices our guide, our currency barometer. The mercury in that barometer, the general index number, should always register the same. So long as it registers the same it means that prices are stable, that the purchasing power of money is unchanged, the equities between debtors and creditors undisturbed. If it falls it means that prices are lower,

money dearer, the debtor being despoiled for the creditor's benefit. It means that justice requires the issue of more money. If, on the other hand, the index number in this currency barometer rises it means that prices are rising, that money has departed from the level of honesty with the result of benefiting the debtor at the creditor's expense, and that in the name of honesty, in the interest of industry and business, the issue of money be diminished.

By watching this currency barometer as our guide we can establish a perfect monetary system that will give us currency of practically invariable purchasing power and hence honest money, a money the volume and hence the value of which would not be subject to accidents of production as is our gold money to-day, a money not subject to the whim of banker as the speculative cliques desire, or of legislator as the unfriendly critics of Populism assert, but a money established upon rigid lines of honesty.

This is the basic principle of sound and honest money, the monetary principle of Populism.

And now, as I cannot string new words to better express my thoughts, I take two paragraphs from THE AMERICAN of last week: "Back in the Civil War this nation borrowed much money and ran much into debt. It ran into debt when money was plentiful, prices high. Indeed, money had a much different value then than in the years just before or after. Money was cheap and the products of labor dear. In the last years of the war, when money was plentiful and prices high, when the government was getting deepest into debt, industry was active, the earning power of labor, measured in dollars and cents, large, the payment of debts comparatively easy. Labor was in demand and held in growing esteem. But the nation deep into debt and the country doing business

on this basis of high prices, the commercial death rate lower than ever before or since, the war over and the demand for money increased by the bringing of the Southern States back into the Union, Lincoln, the guardian of the people's interests, assassinated and stilled in death; his Secretary of the Treasury, chosen as a friend of the greenback currency, turned to Wall Street, took his cue therefrom, inaugurated a policy of violent contraction. As a result, money doubled in value and prices fell by one-half. Of necessity the burden of all debts, public and private, was doubled, as with the fall in prices it took double the quantity of produce to pay them as before. Industry was paralyzed, the commercial death-rate jumped up alarmingly, the country was bled for the profit of the holders of its debts, and of other fund-holders whose debtors were strong enough to stand up under the increased strain. In response to popular outcry Congress halted the contraction inaugurated by McCulloch. But it was not long before a second step, finally resulting in a further doubling of the value of money and a further halving of prices, was taken. Silver was demonetized. Gold was made our standard. And step by step money grew dearer and the products of labor cheaper, until very recently, when the greatly-increased outpourings of new gold, outpourings trebled within a decade, began to relieve the strained situation. Before such outpourings made themselves felt we had a unit of value that, as compared to the unit of Civil War time, had been quadrupled.

"Thus was our monetary system made an engine of despoilment. The People's party has ever entered its protest against such monetary system, ever denounced it. And ever will it, so long as it stands for justice and is true to itself, denounce a monetary system in which the unit of value is a fluctuating one; ever will

it stand for a system in which the unit will be stable. And, as standing for such a system, as not blind to the teachings of common sense or ignorant of the monetary history of the world, it realized that two commodities, such as gold and silver, united, are likely to make a standard of less fluctuating value than a standard based on either alone, it has stood, and still stands for the free coinage of silver, not as a solution of the monetary question, but as a mere temporary step looking to the betterment of the situation, for it realizes that a money system resting on gold and silver, a system in which the volume of money must necessarily be dependent upon the supply of the precious metals, must be lacking in stability. It realizes that the unit of value under such a system must be a fluctuating one. It recognizes that the value of money must change with any change in the relation between the supply of and demand for money. It sees, therefore, that the only money that can be kept of stable value is one the volume of which can be increased by government in accordance with the growing demands of trade. And this necessitates that the money be made of a substance the supply of which is not restricted. Further, as the value of money is dependent on its quantity, not its quality, it is economy to make our money out of the cheapest possible substance that will serve the purpose. And that substance is paper. Thus it is that the People's party stands for paper money, for a currency the volume, and hence the value of which can be absolutely regulated by the government; a currency that may be issued directly to the people in payment for public works, that may be redeemed and retired out of the revenues of such public works, and re-issued for the creation of new works of earning power, a continual cycle being thus kept up, and the nation ever growing rich in public works, while the country would be supplied with the best of currencies."

TRUSTS.

To talk of licensing trusts is to trifle with evil. The trusts have come—some as the product of industrial evolution, from the fact that great combinations have made possible the introduction of economies in production; some as the product of special legislation, largely the granting of franchises exclusive by their nature; some as the result of railroad discriminations forbidden by the law, but which the law has been powerless to prevent. And so arising, the trusts must be treated with some regard to the manner in which they have arisen. Those that have arisen in the third way, in railroad discriminations, can be dealt with effectively, properly, by the government taking possession of the railroads and putting an end to the evil of freight discrimination so destructive of the first right of the American people: the right to an equality of opportunity. Those that have arisen in the second way can be successfully treated only by the national, state and municipal governments taking back the public franchises they have given away and which they have a common-law right to do; those that have arisen in the first way, and that abuse their power, the power that comes with concentration, and that ought to benefit the general public, must be taken by the people as they see the necessity and that they may enjoy the benefits of the industrial evolution going on around them.

So do we declare that, where trusts and monopolies are not the artificial creation of transportation and other discriminations, and that can, therefore, be destroyed by the removal of such discriminations, but are the growth of natural conditions, are, and must continue to be monopolies because of the very nature of their being, that the nation, the state, the municipality must be the monopolist in order that the people may be protected in their rights. Where monopoly

cannot be destroyed, or where, being of natural growth, it is not to the interest of the people to destroy it, the government must be the monopolist. Private monopoly must be a bane, government monopolization of natural monopolies must be a blessing.

LAND.


In the words of a still-living Republican statesman, Galusha A. Grow, uttered almost half a century since, "If a man has a right on earth, he has a right to land enough to rear a habitation on. If he has a right to live, he has a right to the free use of whatever nature has provided for his sustenance—air to breathe, water to drink and land enough to cultivate for his subsistence. For these are the necessary and indispensable means for the enjoyment of his inalienable rights of life, liberty and the pursuit of happiness. . . . And, as the means of sustaining life are derived almost entirely from the soil, every person has a right to so much of the earth's surface as is necessary for his support. To whatever unoccupied portion of it, therefore, he shall apply his labor for that purpose, from that time forth it becomes appropriated to his own exclusive use, and whatever improvements he may make by his industry become his property and subject to his disposal. *For the only true foundation of any right to property is man's labor. That is property, and that alone, which the labor of man has made such.* What right, then, has one man more than another to an acre of uncultivated land to which not a day's nor hour's labor has been applied, to make it more productive and answer to the end for which it was created, the support and happiness of the race? It is said by the great expounder of the common law, in his commentaries, that 'There is no foundation in nature or natural law why a set of words upon parchment should convey

the dominion of land.' The use and occupancy alone gives to man, in the language of the commentaries, 'an exclusive right to retain in a permanent manner that specific land which before belonged generally to everybody, but particularly to nobody.'"

So do I affirm my belief that use and occupancy of land are of right requisite to make good title, that when a parcel of land ceases to be so used and occupied, it of right reverts to the State, that the holding of lands by aliens, by non-resident landlords, should be prohibited.

TAXATION.

That men should contribute to the costs of government in proportion to their means we hold to be a self-evident truth. But in the raising of the Federal revenues this truth has not been followed. One per cent. of our people own one-half of the national wealth, and, while they pay approximately one-half of the local taxation, they pay but an insignificant part of the national revenues. For those revenues are largely raised from taxes on articles of general consumption, articles of which the rich consume no more than the poor. As a consequence, we have the dollar of the poor man taxed more heavily than the dollar of the rich. Indeed, such taxes on consumption amount to per capita taxes. With such taxes we have a taxing of the man and not the dollar. It is not equitable; it is not fair. We have the poorer of the nation's citizens required to pay a larger percentage of their earnings than the richer citizens are required to pay of their income from accumulations. It is not right. We should tax the dollar, not the man. Justice demands this; we stand for it.



USURPATION OF OUR COURTS.

The usurpations of our courts have recently been so pronounced in the conflicts between labor and capital that they can no longer be permitted to pass unnoticed. The function of the courts is to interpret laws, not to make laws; yet we have seen them enforcing self-made law, seen judges sit as prosecuting attorney, judge and jury, all in one. Their function is judicial, not executive, much less legislative. The lesson of their usurpations, of their encroachments on the rights of the people is that, in order to conserve our liberties, we must discontinue the system of life tenure of office, either elective or appointive, in our judiciary, and make our judges elective and their tenure of office short, so that they may be held to accountability by the people.

ELECTION OF SENATORS AND PRESIDENT BY
DIRECT VOTE.

The scandals connected with the election of United State Senators by State Legislatures are a constant reminder that the time has come to elect such Senators by direct vote of the people. And the time has certainly come to abolish the obsolete machinery of the Electoral College for the election of President and Vice-President, and to in form, as we do now in fact, choose the chief magistrates of this nation by direct vote.

COMPULSORY ARBITRATION OF LABOR DISPUTES.

And now, one step farther. As our industries have become more ramified and interdependent, the one on the other, so much so that blockading the wheels in one must injuriously affect others, labor disputes have become matters of growing public concern with which the State must concern itself. In the struggles of the

laboring classes to better their condition, our sympathies are with the poor and downtrodden. Our hearts beat with theirs in their aspirations. But we do not undertake the task of defending the boycott and the strike. We justify the boycott as we justify the strike, as at times men justify resort to force as a defense against oppression. But we do not justify the strike as desirable, or the boycott as desirable, any more than we would justify war as desirable. Yet, as there are times when war is justifiable, so there are times when the strike and boycott are justifiable. We can only say that such times should not come; in nations where ruled are rulers, they should not be permitted to come. The boycott, as the strike, is an interference with trade, a check to industry, to the accumulation of wealth, to progress. But so long as we can see no wrong in permitting employers to oppress wage earners, we have no right to see any wrong in wage earners organizing the boycott and the strike as a defense against such oppression. The remedy is to see wrong in permitting employers to oppress, to trample on the interests of wage earners. When we see fit to protect the wage earner from oppression at the hands of the employer, then we can interdict the boycott and the strike, rightly make both illegal. I stand for compulsory arbitration of labor disputes.

THE PHILIPPINES.

I come now to express my views on some questions not touched on in our national platform, which I took occasion to speak of before our convention prior to my nomination, and which it is meet that I should refer to now, for my views on such questions the people have a right to know. I cannot reconcile the course of this nation in the Philippines with the rules of eternal rectitude our forefathers handed down to us; with the

great truths they proclaimed in the immortal Declaration of Independence for our guidance. I feel that our course in the Philippines is dictated by motives of greed. I feel that by our course there we are staining our flag, consecrated to the cause of liberty, not of oppression, the cause of self-government, not of subjugation—emblem that we would have stand for right, not might; love, not greed. And I feel that justice and love and charity for the failings of others demand of the American people that they encourage the Filipinos in their aspirations and not put down upon such the crushing foot of might; that they give those people their independence, help them to build up a republic.

THE MONROE DOCTRINE.

To an alliance with Great Britain, whose ideals, though unfortunately shared by our President, are not mine, I am strenuously opposed, as I am to entangling alliances with any foreign nation. The Monroe Doctrine I would emphasize and extend so as to embrace the Philippines, saying to monarchical Europe: "Hands off of the republics of America and the Philippines; they are under our protection; we cannot look unconcernedly upon any attack on their institutions, any interference with their working out their destiny as republics, and we in our turn will in future, as in the past, scrupulously avoid interference in European affairs."

AN AMERICAN ZOLLVEREIN.

Between Puerto Rico and the United States, as between Hawaii and the United States, free trade ought of right to be established. Further, believing that mutually profitable trade must be between countries of different clime and different natural resources, believing that the natural currents of trade must set

along the meridians of longitude, not the parallels of latitude; that the fostering of trade on such lines must be advantageous; that free trade between the countries of the Americas would be fair trade, I favor, as I long have, the establishment of an American Zollverein, a customs union embracing all the Americas, north and south. It is in this way we would seek trade expansion, not at the cannon's mouth; by ways of peace and fair dealing, not of blood and despoilment, "for our hearts go out to the wretched and oppressed of all the world, and if placed in power in this country, we shall try to so act as to help all mankind."

So, proclaiming my faith, as standing for the above things, for a rule of love on earth, not of greed; for liberty, equality, fraternity, the brotherhood of man; putting trust in the Infinite, with firm faith that the truth must in the end prevail, that might will not triumph over right, and awaiting the issue with confidence, I take up the burdens you have placed upon me.

With highest regards, I remain, gentlemen,

Very respectfully,

WHARTON BARKER.

Philadelphia, June 2d, 1900.

TAXING THE POOR, EXEMPTING THE RICH.

[November 26th, 1898.]

A GATHERING of rich men consider the question of national finances. Customs imports, designed to put the chief burdens of government upon the shoulders of the nation's poorer citizens, fail to raise anticipated revenues, and the receipts of government fall behind expenditures. So the question of increased taxation is presented to the gathering of rich men, who cheerfully answer, and of one accord, as if entertaining no doubts as to the rightfulness of their answer: "Tax the poor, not us."

True, these rich men are greatly indebted to the strong arm of the government that it costs so much to uphold, and to the unbiased observer the question presents itself of why it is that if the rich are so indebted to the strong arm of government they should not pay the costs of upholding it. But seemingly such question, that naturally presents itself to the man of logical reasoning and instincts of justice, does not occur to the gathering of rich men. At least they do not allow such questions, questions as to the justness of their position in regard to the imposition of the burdens of taxation, to trouble them or turn them from their course.

Surely those who derive the greatest benefits under the protection of government should be the greatest contributors to its support. The chief recipients of benefits under government should be the chief tax payers. This, to the unbiased observer, seems like a fair rule of taxation; but to the gathering of rich men, weighing the question of taxation, it does not appeal.

To them the perfect rule of taxation is that which will relieve them of the costs of supporting the government under whose sheltering protection they enjoy a large share of the wealth produced by the many and put such costs on the backs of the poorer citizens. To so impose taxes, impose taxes so that the protection of government enjoyed by the wealthy will be paid for by the nation's poorer citizens, is a fine stroke of business for the wealthier. To them it is, tax the poor, and even so we will grow richer, for others will pay for that which we enjoy.

LOCAL TAXATION. THEORY AND PRACTICE.

To a great extent have the nation's wealthier citizens brought about a recognition of this rule in national taxation. Now they want to carry it even further. But in local taxation such rule is not recognized to any great extent. Such taxation is largely levied upon property, so that the more property one holds the more taxes will he pay. At least this is the theory from which there are unfortunately wide departures in practice, and by which the wealthier citizens secure exemption from a large share of the burdens of taxation that they rightfully should bear. Thus a great deal of property possessed by the richer citizens escapes taxation, and, as the aggregate of property thus subject to taxation is diminished, of course the burdens of those citizens who possess a kind of property that does not escape taxation are much increased beyond their share.

PERSONAL PROPERTY TAXES EVADED, AND SO INEQUITABLE.

In raising local taxation the effort is usually made to tax both real and personal property. And to this end both real property, which may be defined as im-

movable property, and personal property, which may be distinguished as movable, are assessed. But the assessing of personal property, which, being movable, can very often be hidden from the eyes of the assessor, is a very difficult matter. Some personal property is indeed of a kind that cannot be hidden, and that, therefore, is duly assessed. But other personal property can be readily hidden, is hidden from the eyes of the assessor, and does escape taxation. Consequently, those whose wealth consists largely of such personal property do not bear their full share of taxation. And it follows inversely that those whose wealth does not consist of such personal property bear more than their share of local taxes.

**EVADED BY THE RICH, THEY INCREASE THE BURDENS OF
THE POOR.**

It then behooves us to inquire who are the possessors of the personal property that can be hidden and escapes appraisal, and who of the property that cannot be hidden, that is appraised and does pay taxes. And we find that the wealthier of our citizens are largely the possessors of the first kind of property, the poorer of our citizens of the latter. Thus can bonds and stocks and evidences of debt be readily hidden, and so the man who cuts coupons, receives interest, collects dividends, largely escapes taxation. But horses, and cattle, and swine, and wagons, and tools, and household goods cannot be hidden, and where taxable, do not escape the eye of the assessor and are taxed. And such goods largely make up the personal property of the farmer. And so it is that the personal property of the farmer does not escape taxation, while the personal property of our wealthier citizens does. As a consequence, the farmer pays more than his share of taxation.

It is indeed true that much of the personal property of the farmer is exempted from taxation, in some States much more than in others, but if all his personal property was exempted by law while the personal property of the bondholder was largely exempted, as it is now, by false swearing, still, more than a fair share of the burdens of taxation would fall upon the farmer. And this, for the obvious reason that a large share of the wealth of the farmer consists of real property, only a small proportion of the wealth of the fundholding classes of real property, and so, clearly, the farmer would be taxed more heavily proportionately to his wealth than the wealthier citizen, the millionaire, whose property largely consists of bonds and stocks and mortgages and evidences of debt.

INDIRECT TAXATION OF THE FUNDHOLDER.

Now, it may be well argued that bonds and stocks and mortgages are not property, not wealth, but merely evidences of ownership in property, in wealth, held in other hands, and that as such property is fully taxed in other hands, such tax reduces the net earnings of such property and the return made to bondholder and stockholder, that such holders of securities are, as a result, indirectly, yet fully taxed through a reduction in the returns, the interest and dividends they receive. Thus, a tax collected from a railroad must fall upon the security holders, such tax reducing the interest they receive. And the same may be said with equal truth of all corporations. Tax them and you tax the holders of their securities. So, to first put a tax upon the property of corporations, and then upon the security holders is to subject the latter to double taxation, and this is much urged as a reason for exempting the holder of stocks and bonds and mortgages from taxation upon such personal property, for, as it

is said, and with reason, such securities, though catalogued as personal property, are not property at all, but merely certificates of ownership of property held in other hands and taxed as real property. And so it is said that if our wealthier citizens paid no direct taxes, they would bear their full share of the burdens of taxation.

INEQUALITY OF SUCH TAXATION AT FIRST.

And, if the property held by corporations was fully taxed, it cannot be gainsaid that there would be much reason in all this. Yet it is evident that where the property of a corporation is represented by several classes of securities, that any increase in tax must fall upon the class of securities that have a junior lien on the earnings of the corporation. That is to say, that all the increase would fall upon the stockholders, none upon the bondholders. And in the case of a real estate, say farm mortgage, the holder of the mortgage occupies the place of bondholder, the farmer of stockholder. So any increase in tax would fall upon the farmer, reducing his earnings, but not the interest paid the holder of the mortgage. And so would an increase in railroad taxation fall primarily upon the stockholders. Indeed, the stockholders would bear all of such increase, unless such increase was so great as to more than absorb all the earnings that had before been applicable to the payment of dividends. Then the tax would fall in part upon the junior bondholders for the road not earning, after the payment of taxes, enough to pay full interest, such bondholders would have to content themselves with what the road could pay. And the same would, of course, be true of farmer and owner of farm mortgage, if taxes on farm were so increased as to make it impossible for the farmer to save enough to pay the mortgage interest.

BUT ULTIMATE ADJUSTMENT OF THE BURDENS.

But in the long run it is argued that taxation of corporate or mortgaged property falls just as heavily upon bondholder and mortgage holder as upon the owner of the equity in the property, namely, the stockholder or farmer. Thus, it is argued that an increase in the tax on farming land will decrease the earnings, and therefore the interest that the farmer can afford to pay for money with which to bring new land into cultivation. So, such increase of tax must be followed by a decrease in the demand for money, and consequently the loaning of money at a lower rate of interest. And so such tax would indirectly bear upon the loaner of the money. So, to tax the farmer is to tax the mortgage holder. And inversely is it argued that to tax the mortgage holder directly is to tax the farmer indirectly. Thus, put a tax upon farm mortgages so that they yield a smaller return, and money, before seeking investment in farm mortgages, will be turned aside for other investments that, though before promising smaller returns, will then promise larger. As a result, there would be less money for investment in farm mortgages, more for investment in other directions. So there would follow increased competition among farmers as borrowers of money, which would lead to the payment of higher rates of interest, and increased competition among loaners of money for investments of other kinds than farm mortgages, which competition among loaners would lead to a general reduction of interest at which such loans could be placed. Thus would a new adjustment be forced, part of the burdens of increased farm taxation falling upon the farmers, part upon the loaners of money, while borrowers of money in other lines would profit by being relieved of a share of the taxation before borne.

TAX CORPORATE PROPERTY AND THE SECURITY
HOLDER PAYS.

What we have said of farm land, of railroad or other corporation property of course applies with equal force to city property. Tax the property and the burden falls upon the owners of the property. If the property is mortgaged, and the mortgage holder is a part owner to the amount of his mortgage, the tax will in the long run divide itself between mortgagee and mortgagor according to their proportionate ownership, the ownership of the mortgagee being a part equal in value to the face of the mortgage, and the ownership of the mortgagor being the equity. And if the property is held in corporate name and represented by stock and bonds the tax will fall first upon stockholders, ultimately be equitably divided between stockholders and bondholders. And consequently he who owns stocks and bonds and mortgages, and, though having title to no property in his own name, would not escape the burden of taxation, though no taxes were imposed upon personal property, though he paid directly into the coffers of the State no tax, but would, if all real property, and by that is meant all immovable property, were taxed equally, bear his full share of the burdens of taxation, pay his just share of the costs of government. So it is argued that stocks and bonds and mortgages and evidences of debt should not be taxed, that such securities are not property, but only evidences of part ownership of property; that when such property is taxed the burden is passed along to the security holders, according to their share in ownership; that to tax them as security holders would be to subject them to double taxation; that consequently they should be relieved from all direct taxation. And there is no denying the force of all this reasoning.

**TAX ALL REAL PROPERTY, AND ALL MEN MUST PAY,
EACH ACCORDING TO THEIR JUST SHARE.**

The conclusion is that if we tax all real property equally the burden of taxation will adjust itself among all men according to their store of this world's goods; that if we so tax, each man will contribute to the support of government according to his means—his wealth. And surely this is just. So, if we should abolish all taxes on personal property, taxes which the wealthier now escape, that the poorer citizens, because of the nature of their personal property, cannot, and rely wholly for local revenues, county and state, upon taxes on real property it is evident that the burdens of taxation would be distributed equitably.

BUT CORPORATE PROPERTY ESCAPES TAXATION.

Now, it is said that, while the wealthier of our citizens, those whose wealth consists largely of personal property, who are coupon cutters, interest receivers, dividend collectors, swear off the taxes on their bonds and stocks and mortgages, hiding such personal property from the assessor and denying upon oath its ownership, they do not escape taxation, that the property represented by the securities they hold is taxed and that such tax is virtually deducted from the returns they receive as dividends and interest. And so do they find some moral excuse for swearing off their taxes. But the fact is, that the property of railroads, steam and street, and represented by various securities, is not taxed as is other property. Indeed, as a general thing, railroad property pays nothing like so high a percentage of taxes proportionately to its value as does other property. In short, other property is assessed at much more nearly its full value. And so it follows that those whose wealth consists of certificates of ownership in

railroad property escape their just share of local taxation, as they do of national.

NON-TAXATION OF FRANCHISES.

Thus, in many localities railroad property is assessed as if the land occupied was so much farm land, the permanent way and the franchise not being assessed at all. It may be objected that the franchise should not be taxed. But such franchises are what give to railroad, and especially street railway, securities a great part of their value. Many such securities are valuable merely as certificates of part ownership in such franchises, the total value of the material property, the tracks, equipment, etc., being covered by bonds and stocks having a prior lien. True, such franchises have value and are given by the people to the railroads, but such franchises are not given to be used to tax the people. The exclusive rights conferred by such franchises put the people at the mercy of the roads and in a position where they must submit to such charges as the roads, possessing such franchises, may see fit to charge, and charges that they could not make if such franchises did not give them a monopoly. And so the power to tax the people conferred by such franchises is used to earn interest for bondholders and dividends for stockholders. Without the exclusive privileges conferred by the franchises such interest and dividends could not be earned.

Clearly, then, the franchises give value to stocks and bonds that would not otherwise have value; clearly the franchises are a valuable part of the property of railroads, often the most valuable, and as such should be taxed. Indeed, it would not be unfair, but only just, to tax the railroads to the full value of their franchises—to the full amount that they are enabled to

exact annually from the people because of the possession of such franchises and the power to tax the people that the possession of such franchises confers.

INJUSTICE OF SUCH EXEMPTION.

In granting a franchise to a railroad, steam or street, the people confer a special privilege, and to the full value of that franchise they may justly tax the railroad. To so tax would not be confiscation; indeed, in not so taxing the people are not just to themselves. Without a public franchise a railroad could not be built; but the people confer such franchise that they may be served, not that they may be taxed. And when the few possessing such franchises use the special privileges conferred so as to tax the people and charge the people for the use of their own franchises, the use of their own streets, the exercise of the right of eminent domain which they give, then it is the right of the people to tax back from the corporations that which is taken from them without value given in return. When a railroad presuming upon the special privileges and monopoly conferred by its franchise fixes transportation rates so as to earn more than expenses and a fair interest upon investment, so as to earn interest and dividends on securities issued beyond the actual investment of capital, just then does it cross the line that marks the abuse of its franchise, and the only safeguard against such abuse, while the railroads remain in private hands, is to tax from the railroads just as much as the railroads take from the people by the abuse of their franchises, and thus oblige them to make restitution of that which they could not take save by the abuse of powers conferred upon them by the people.

AND SO WE HAVE A TAXING OF THE POOR FOR THE
SUPPORT OF THE RICH.

But at present we do not tax the railroads upon the value of their franchises, though the railroads do abuse such franchises. And so it is that the rich, whose property consists of bonds and stocks that are merely certificates of ownership to such untaxed property, do in great part escape taxation. And escaping taxation the burdens, falling upon the rest of our citizens, are, of course, increased, for the costs of government have to be met by some one, and if they are not met by those profiting from most valuable special privileges conferred by government, not met by those who receive the greatest benefits at the hands of government, they must be met by those whose property is a kind that does not escape assessment for the purpose of taxation. And so we really have a taxing of the poor for the enrichment of the rich.

HOW LOCAL TAXATION, NOW WANTING IN JUSTICE, CAN
BE MADE EQUITABLE.

But from what we have said, it is clear that if all real property was equitably assessed and taxed for the purposes of local government, the millionaires whose wealth consists largely of personal property, or rather evidences of part ownership to property held in other hands, would not escape taxation, but would in the long run bear their full share, no more, no less. Of course, taxes levied on corporate properties would not at once fall equitably among the security holders, but would first fall upon stockholders and junior security holders, for reasons that we have given. But ultimately, and by steps so gradual as to be unperceived—so gradual, indeed, as to be denied—an equitable adjustment of the burden of taxes and costs of govern-

ment would work out from natural causes. And so would we have justice in local taxation, something we have not now, but seek to reach by taxing personal property, directly taxing the possessors of bonds and stocks and mortgages upon the value of such securities, something which is impossible, for the frailty of human nature is such that men will deny such ownership that cannot be proven, for the eyes of the assessor cannot rest upon such securities, and so escape taxation. But if we taxed the property upon which such securities were issued, and taxed it proportionately to other property, assessing the franchises equally with the material property held, and to the extent that such franchises were made valuable by the exercise of the power conferred through such franchises to tax the people, then the possessors of the securities representing such property could not escape taxation, for the earning power of such property, and so of dividends and interest distributed, would be reduced by the amount of the tax. And thus those coupon clip-pers and dividend collectors whose wealth is in such shape that it cannot be reached by direct taxation, would be reached by indirect, and so would the burdens of taxation now resting upon producers, upon farmers and manufacturers in excess of their share, and because of false, but no less effectual, swearing off of taxes by those who are wealthy in property held in other hands, but not in property in their own, be removed to the great advantage of industry and trade. It is, indeed, said that those bond and stock and mortgage holders who now escape taxation, could not be reached in this way, that they would succeed in transferring the burdens to other shoulders, that if, for instance, a railroad was taxed so as to reduce its earnings and the profits for division among security holders, transportation charges would at once be raised so

as to make up this reduction and thus virtually pass along the tax. But the railroads now charge all that they can, make the most out of their special privileges that circumstances will permit, and so the raising of rates to pass along the tax would be practically impossible.

All that we have so far said has reference to local taxation, to township and municipal and county and state taxation, shows how this taxation is wanting in elements of justice, how the poor are taxed more heavily than the rich, the producers more heavily than the non-producers, and how this can be remedied. What we now desire to direct attention to is our national taxation, the inequality of which is much more flagrant, for the wealthier of our citizens have, to a very great extent, succeeded in having themselves relieved of the costs of the national government. In national taxation the principle of taxing the poor, not the rich, has been strikingly observed.

THE BURDEN OF NATIONAL TAXATION AND GROSS INJUSTICE.

But before we enter further into the question, let us stop for one moment to consider what our national taxes amount to.

The expenditures of the national government, aside from the postal expenditures, which are met by those who receive a direct benefit in return—the postal taxpayer or purchaser of postal stamps paying directly for a service of a value equivalent to what he pays—amount, under ordinary conditions, to about \$375,000,000 annually, or \$5 per head. And these taxes are so imposed that practically each head of a family contributes out of his earnings \$5 for each person sheltered under his roof and eating at his board. In other words, the rich man contributes no more than the poor

man, save so far as he hires servants and so swells the number of persons sheltered under his roof, eating at his board, and whose indirect taxes he pays. Now, if a national revenue officer made yearly rounds to collect from the head of each household, and regardless of differences in wealth or earnings, \$5 for each member of the household of which he was the head, servants inclusive, there would be a great outcry against the injustice of taxing the poor as much as the rich. What is more, the national tax would be considered most oppressive by the poor, as, indeed, it would be.

INDIRECT TAXES AS THE COVER OF INJUSTICE AND
EXTRAVAGANCE.

But now this tax is so collected that it is paid uncomplainingly; or if there is any complaint, any difficulty, because of such tax, and the increased costs of the articles of common consumption in making ends meet and securing the necessities of life, the government does not bear the brunt of the complaint. It is simply because the national taxes are indirect, because they are covered in the costs of sugar and tea and beer and spirits and tobacco and proprietary medicines, and not recognized as taxes, that they are paid uncomplainingly and without the inequality of their burden being recognized. And it is just because indirect taxes serve to hide such inequalities and lead the people to put up with injustice, because they do not see it, that such taxes are objectionable. They are further objectionable in that they hide from the people the weight of their taxes, and so cause them to have less regard for the manner of expenditure, for men will not protest against some extravagance when that extravagance is met out of an indirect tax on sugar, which is covered into the price of the sugar they buy and which they pay, grumbling, perhaps, at the increased price, but

not recognizing it as a tax; while if the tax to cover such added expenditure was imposed directly, so that each taxpayer would pay the tax directly into the hands of the tax collector, there would be a vigorous protest against any extravagance and a careful watch kept over all expenditures.

INJUSTICE OF OUR INTERNAL REVENUE TAXES.

Now it is said by apologists for the injustice of our national system of taxation, that the internal revenue taxes, or more properly excises, are not imposed on articles of necessity, but of voluntary use—indeed, upon articles that, if not positively injurious, men would be better off if they did without—that is to say, spirits and tobacco and proprietary medicines. But without entering into the merits or demerits of certain proprietary medicines or of the use of tobacco or spirits, it is sufficient to remark here that the internal revenue taxes are not imposed as sumptuary laws, as laws to reform the morals or health of the community, and therefore we may dismiss this question. And, dismissing this question, it is to be remarked as an undoubted fact that tobacco and spirits and proprietary medicines are articles of general consumption, and used by the poor quite as generally as by the rich. And so it is that taxes levied on the consumption of such articles, and that result in raising the price, fall upon the poor even as they do upon the rich, and in proportion to their relative wealth much more heavily upon the poor than upon the rich.

OF OUR TARIFF TAXES.

But passing from internal revenue taxes to customs duties, we find this injustice towards our poorer citizens even more pronounced, the taxes partaking even more of the nature of per capita taxes. Thus our cus-

toms imposts may be divided into two categories—those imposed for purposes of protection, but incidentally raising revenue, and those imposed for revenue purposes, as the duties upon sugar and tea, duties of which latter kind yield about half of our customs revenues. And such duties rest, as is very obvious, not upon men in proportion to their wealth, but according to the number of pounds of tea and sugar they consume. And as the poor consume practically as much sugar, and probably more tea, head for head, than our richer citizens, these taxes amount to nothing less than per capita taxes. In the case of the internal revenue taxes, the superior and more expensive grades of tobacco are taxed more highly than the cheaper, and so the rich pay a higher tobacco tax; not higher proportionately to their means—indeed, not nearly so high—but higher in dollars and cents. But not so with the customs taxes imposed for revenue.

PROTECTIVE DUTIES NO BURDEN.

The customs duties imposed for protection of course do not, if they serve their end—namely, free us from dependence on foreign sources of supply and lead to a reduction in price—bear as taxes. Nor does it do to assume that customs duties imposed for purposes of protection have failed of their purpose because articles of European make and similar to the protected articles can be bought cheaper in Europe than America, and could be sold for less in America than the products of our own manufactories are sold for, if it were not for the duties; for the imposition of such protective duties may, by building up competition, have been the primary cause for the lowering of the prices at which European goods are offered—prices to which it is unreasonable to suppose European manufacturers would have reduced their goods if competi-

tion in America, stimulated by protective duties, had not constrained them.

RAISE MORE TAXES.

But it is not into an argument in defense of the system of protection that we desire to enter here. We need only add that as protective duties accomplish their purpose revenues collected thereunder fall off. And to this we may add that the generally curtailed purchasing power of our people has led to great falling off of imports of foreign merchandise during the past few years. Consequently, tariff duties have not yielded anticipated revenues. And recognizing this, and the need of more revenue if expansion of our currency through a paying out of the money now hoarded in the Treasury is to be prevented, the gathering of rich men cry out with one accord: "Yes, raise more taxes, but tax the poor, not us." So has said Senator Hanna, though since called down by Mr. Dingley and other party associates for proclaiming the failure of the Dingley law as a revenue measure.

BUT TAX THE POOR, NOT ME.—MARK HANNA.

Mr. Dingley asserts that it has been no failure, and Mr. Hanna crawfishes dutifully. But this does not detract from the interest of Mr. Hanna's clear-cut avowal that "we must have a new revenue measure"—not immediately, but some time in the indefinite future, as he explained in a supplementary interview after hearing from Mr. Dingley, and that "so far as I am concerned I favor putting a duty on tea and coffee," which is to say that being a rich man he favors taxing the poor not himself, and that as he consumes no more tea and coffee than the day laborer he sees he can accomplish this by imposing such a tax as will be covered into the cost of such articles and thus be in-

directly paid by the people, Mark Hanna paying just one dollar toward a tax of say \$70,000,000, and each day laborer one dollar.

And the great advantages of a tax on tea and coffee, Senator Hanna further amplified, saying that "the revenues for the support of the government must be raised in some way, and the indirect way is the best way to my idea," for "when the people do not realize they are paying a tax there is no complaint." And so the advantages of a tea and coffee tax covered into the price of such goods and collected from the people without realization on their part, for surely they would never agree to the raising of say \$70,000,000 of additional revenue in a way which would require Mark Hanna to pay one dollar towards such tax for each member of his household and require the poorest laborer to contribute a dollar for each person dependent upon his scant earnings for the necessities of life—would never agree to such injustice, if they knew what they were doing. So it is no wonder that the indirect way of raising taxation is the best way according to the idea of the rich men. It is the best way because it hides the gross injustice of taxation from which they profit, an injustice to which the people would never submit if it was not so hidden as to pass unrecognized by them even while groaning under its burdens. And coffee offers at present an especially inviting field, for the fall in price during the past three years is such that a tax upon it, such as would alone yield the government a revenue of \$70,000,000 a year, could be imposed without raising the price of coffee above the level of four years ago.

TAXATION OF OUR WEALTHIER CITIZENS.

In proportion to the wealth that men enjoy under the protection of government should they contribute

to the support of government. It is the government that secures to them the ownership of property and its enjoyment; it is the government that gives title to the land that enables men to charge rent for its use; it is the government that gives franchises to railroads and gives charters to corporations by which our wealthier citizens are enabled to invest in railroads and corporations without entailing liability beyond the amount of their investments; it is the government that protects their ownership in such corporate properties and as represented by stocks and bonds; it is under the protection of government that they draw interest and dividends. In short, it is under the sheltering arm of government that they enjoy the advantages that wealth confers. It is that arm that protects them from despoilment; to the protection of that arm they owe all that they have, and yet they not only seek to shift the costs of upholding that arm to the shoulders of others less able to bear them, and owing less to the protection of that arm, but endeavor to use that arm to despoil others.

PRINCIPLES OF JUST AND UNJUST TAXATION.

Clearly this is the height of injustice. The strong arm of government should be raised to protect all men, poor as well as rich, from despoilment, and the costs of upholding it should be paid by those who owe most to its upholding, paid by men in proportion to the wealth which they enjoy under the protection of government.

This is the rule of justice. We have seen how it can be applied in local taxation; it could similarly be applied in national taxation. But to avoid clash between state taxes and national taxes we can draw a divisional line, collect the taxes for local and state purposes by direct tax on the accumulated wealth of society, collect

the national taxes by a direct tax on the earnings of accumulated wealth, and thus tax every man according to his means, secure a just distribution of the burdens of taxation, and so promote enterprise, industry, thrift and general prosperity.

CONSTITUTIONALITY OF AN INCOME TAX.

[April 30th, 1898.—The Spanish War tax being then pending before Congress.]

TO CARRY on the war with Spain we will need money, perhaps much more than can be conveniently spared from the present balance in the Treasury, and to provide such money an elaborate measure of taxation has been prepared by the powers that rule the Republican party. It is unfortunate that that measure should not be conceived on lines of equity and justice, but so framed as to throw a disproportionate part of the burdens of taxation upon the poorer members of society, but so it has been drawn. Whether it is fated that we shall be burdened with such unfair taxes and the evils inseparable from war be thus multiplied remains to be seen; but we must confess that the probabilities are that we shall be so burdened. To a great extent it was so in our last war, and it is written in the proposed revenue measure that it shall be so to an even greater extent in this. It is said that new interpretation of our fundamental law, of our Constitution, makes this inevitable, and well it may be so. But, even so, the war is not to be regretted, but welcomed, for the evils that the war is undertaken to do away with are greater than the evils that may be incurred.

A more simple and effective measure of taxation than the one proposed, and a measure as just and equitable and nearly perfect as it is possible for man to devise, could have been found in an income tax, and such a tax was incorporated into the revenue measures of the Civil War. But such a tax, made a part of the revenue measure passed by the Democratic party in

1894, was annulled by the Supreme Court as unconstitutional, although the constitutionality of such taxes had been affirmed on several occasions prior thereto. And so the United States is proscribed from resort to this justest and most equitable of taxes, proscribed while the latest decision of the Supreme Court stands.

It was said, indeed, at the time of the annulment of the last income tax as unconstitutional, that the previous income taxes were defensible, and only defensible, as war taxes, and on this ground it is said that the Supreme Court would now have to hold an income tax to be constitutional as a war measure. But it is hard to conceive that a tax would be constitutional in war time that would not be constitutional in time of peace, and in rendering its last decision the Supreme Court made no such nice distinction. It may well be that a tax would be justifiable as a war measure that would not be justifiable as a peace measure; there may well be times when it would be wise to impose a tax that it would be unwise to impose under different conditions, but it is for Congress, not the Supreme Court, to judge of the wisdom or unwisdom, the timeliness or otherwise of legislation.

For the Supreme Court to hold a tax constitutional as a war measure and unconstitutional as a peace measure would be to assume the right to say when a law might be imposed as wise and when repealed as unwise, and such usurpation the Supreme Court has never attempted. So there is no reason to suppose that the Supreme Court would now reverse its position taken three years ago as to the unconstitutionality of an income tax simply because the income tax law declared unconstitutional was passed in time of peace, and that an income tax law enacted now would be enacted in time of war.

It is indeed true that in the opinion handed down by Chief Justice Fuller upon the income tax case of three years ago, and handed down as the opinion of the majority of the court, reference was incidentally made to the income tax of 1864 as a war tax, from which some draw the inference that the court only looked upon the income tax of 1894 as unconstitutional because passed as a peace measure. But the Constitution makes no distinction between war taxes and peace taxes, and from the reference made to war taxes it is not to be inferred that the court made any such distinction.

This incidental reference of the court to war taxes was made in this wise: Early in the history of the republic, and when war was threatened with France, Congress passed a law taxing carriages. This tax was opposed as unconstitutional on the same ground that the income tax before the court was opposed: namely, that it was a direct tax, and therefore, under the Constitution, should have been apportioned among the States, not according to the number of carriages, but according to the number of people. On the face of it such an apportionment appears absurd, as it would leave the justice and uniformity of the tax to the merest chance. But no more absurd would it be than an income tax apportioned among the several States, not according to wealth and income, but according to population. An income tax so apportioned, and so as to yield to the government, say, 2 per cent. of the aggregate income of the people of the United States enjoying incomes of over \$4,000 a year, and, as was proposed by the law of 1894, might very readily and undoubtedly would result in a many-fold greater tax on incomes in the poorer States than in the richer States, in the States where few men of large fortunes reside than in the States where many rich are to be

found. It is not at all impossible that an income tax of 2 per cent., so apportioned, would rest so heavily upon the well-to-do of some of the largely agricultural States of the South, where the well-to-do are few, as to tax from them all income of over \$4,000, while, from the well-to-do in New York, where the rich are many, there would be taxed very considerably less than 2 per cent. of their incomes.

Obviously, if an income tax must be apportioned so as to be thus unjust, no Congress, with a regard for the equities of taxation, could resort to such tax. Yet it is thus that the Supreme Court has said an income tax must be apportioned in order to be constitutional.

We may well hold it to be an absurd decision, for it decrees that an income tax, to be constitutional, cannot be uniform, and it is written in the Constitution that "all duties, imposts and excises shall be uniform throughout the United States." And inconceivable it is that the same constitutional convention that decreed that all indirect taxes should be uniform, should have conceived any tax to be direct, when it declared that all direct taxes must be apportioned among the States according to numbers, that could not be apportioned among the States so as to be uniform throughout the United States. As Justice Iredell said a hundred years ago, in his opinion on the carriage tax aforementioned, "As all direct taxes must be apportioned, it is evident that the Constitution contemplated none as direct but such as could be apportioned."

On this and other grounds the carriage tax was held not to be a direct tax within the meaning of the Constitution, and therefore constitutional, although not apportioned among the States according to population. It could not be so apportioned, and still apportioned among the States according to the rule of uni-

formity. And neither can an income tax. Yet, to be lawfully imposed, the Supreme Court has held that an income tax must be imposed so as to defeat uniformity of imposition, imposed without regard to the spirit of the Constitution!

And now, to get back to the incidental reference of the Supreme Court in its late income tax decision to war taxes from which the inference is drawn that the court would perhaps draw a distinction between an income tax passed in time of peace and an income tax passed in time of war.

It was in speaking of this carriage tax which was declared to be constitutional a century ago, that Chief Justice Fuller and his associate justices who concurred with him made incidental reference to war taxes. And the reference was this: "The act of June 4th, 1794, laying duties upon carriages for the conveyance of persons, was enacted in a time of threatened war. It was, therefore, as much a part of a system of taxation in war times as was the income tax of the war of the rebellion."

But it was not on the ground that the carriage tax of 1794 was a war tax and the income tax of 1894 a peace tax that the Supreme Court declared there was not a parallel between the two cases, and that there was no reason for the court of 1894 to be guided in its decision on the income tax by the decision of the court of 1794 upon the carriage tax. It had been urged before the court that both cases involved the same principle, that both turned upon the same interpretation of direct taxation within the meaning of the Constitution, and for the very good reason, and what seems to us conclusive reason, that we have pointed out. But the court held there was no parallel between the two cases, that the carriage tax was regarded as an excise tax, and therefore not a direct

tax within the meaning of the Constitution; that an income tax on incomes derived from the hiring of carriages, or from other personal property, or from rents on lands, is a direct tax, and therefore not constitutional unless apportioned among the States according to population, apportioned as no uniform, no just, no equitable income tax can be, as the tax of 1894 was not.


So we repeat there is no reason to suppose that the Supreme Court would declare an income tax passed now to be constitutional as a war tax. The last decision of the Supreme Court on the income tax case of 1894 appears to us manifestly wrong and unjust, for it hangs on the assumption that a meaning is to be attached to the words of the Constitution that is quite contradictory, and by which the unmistakable purposes of its framers are defeated. And on this ground the Supreme Court might well reverse its decision; but this the Court as now constituted will not do.

No man can question that the purpose of the builders of the Constitution was to insure a uniform system of taxation, a system that would be just and equitable. And it is absurd to suppose that when they decreed that direct taxes should be apportioned among the States according to numbers, they had in mind taxes that could not be so apportioned without destroying the principle of uniformity. It certainly was not the intent of the framers of the Constitution to make it impossible for Congress to impose a uniform income tax, or carriage tax, or any other tax. The intent was, beyond peradventure, just the opposite, namely, to make it impossible for Congress to impose taxes that would not be uniform in fact, even if they were in name, and that would be oppressive in some of the States.

The tax peculiarly in view, and the tax against

which it was aimed to primarily guard, was a capitation tax on slaves. Obviously such a tax would have rested largely, almost wholly, upon the Southern States, compelled those States to contribute much beyond their share to the support of the national government, and, as the major part of the new Union in both number of States and population was opposed to slavery, it was feared by the Southern States that such a tax would be imposed upon them. It was primarily to guard against this that it was proposed that all direct taxes should be apportioned among the States according to population. It happened, also, that land in the extreme Southern States was proportionately of lesser value, acre for acre, than in the Middle States, and it was feared that the Middle and Eastern States, outvoting the Southern States in Congress, would impose an arbitrary land tax of so much per acre, and thus throw the burdens of government unduly upon the Southern States.

Unless this was guarded against, South Carolina and Georgia, speaking through their delegates to the Constitutional Convention, announced that they would not enter the Union, and it was feared that upon their decision would rest the decision of North Carolina. As a safeguard against such taxes, the insistent demand of Georgia and South Carolina was that the slave-holding States should be given a representation in the House of Representatives as numerous as the non-slave-holding States. With such a representation, they could, of course, protect themselves against taxes on slaves of so much a head, and on land of so much per acre, such as they greatly feared would otherwise grow out of the Union and that would be unjust to them. To get such a representation they insisted that representation should be accorded to them for their slaves, just as if their slaves were so many freemen.



This was strenuously resisted by the Northern States. Finally a compromise was suggested on the basis of the numbers of free inhabitants and three-fifths of all others. Virginia, represented by high-minded men, who regarded slavery as alien to our institutions, and an evil to the States in which it was planted, an evil of which they well wished Virginia were free, agreed to the compromise, and it was accepted.

At this Georgia and South Carolina threatened to withdraw, declaring it would lay the Southern States open to unjust and oppressive taxation; that if they joined the Union under such an agreement, they could be obliged to pay a disproportionate share of the costs of government, and that, if signing the Constitution meant risking this, they would not sign. Thus things stood at the close of one of those momentous days in the history of the Convention, when the fate of a nation seemed to hang in the balance, stood on the 11th of July, 1787, when Gouverneur Morris, of New York, always a hater of slavery, closed the debate in these words:

“I am reduced to the dilemma of doing injustice to the Southern States or to human nature, and I do it to the former; I can never agree to give such encouragement to the slave trade as would be given by allowing them a representation for their negroes.”

And now we come to the time and manner in which the restriction as to the imposition of direct taxes found its way into the Constitution. As it is important, inestimably so, as bearing upon the meaning of the words direct taxes, as used in the Constitution, we continue the story from the eve of the 11th, and when the convention was seemingly on the point of breaking up, in the words of Bancroft:

"The aspect of affairs at the adjournment was not so dangerous as it seemed. Virginia, with a united delegation, had her hand on the helm, while North Carolina held watch at her side.

"But Gouverneur Morris brooded over the deep gulf by which the convention seemed to him rent in twain, and rashly undertook to build a bridge over the chasm. To that end he proposed the next morning (July 12th) that taxation should be in proportion to representation. His motion was general, extending to every branch of revenue.

"The convention was taken by surprise. South Carolina scorned to be driven from her object by the menace of increased contributions to the general treasury, and again demanded a full representation for all blacks. Mason pointed out that the proposal of Gouverneur Morris would so embarrass the Legislature in raising a revenue that they would be driven back to requisitions on the States. Appalled at discovering that his motion was a death blow to the new Constitution, Morris limited it to direct taxation, saying: 'It would be inapplicable to indirect taxes on exports and imports and consumption.' Cotesworth Pinckney took fire at the idea of taxing exports. Wilson came to the partial rescue of Morris, and the convention, without a dissident, agreed that direct taxation ought to be in proportion to representation. In this short interlude, by the temerity of one man, the United States were precluded from deriving an equitable revenue from real property. Morris soon saw what evil he had wrought, but he vainly strove to retrieve it."

So we see the motive of Morris in making the motion that led to the resolution that all direct taxes should be in proportion to representation, or, as afterwards put, apportioned among the States according

to their numbers to be determined by adding to the whole number of freemen three-fifths of the slaves. The purpose of Morris was evidently to steer the convention around the breakers that seemed to confront it. Those breakers were the threats of South Carolina and Georgia, growing out of the fear that they would be subjected to unjust slave and land taxes if they joined the Union without the security that full representation of their negro slaves in Congress would give to them. The aim of Morris was to avoid "doing injustice to the Southern States" by exposing them to oppressive taxation at the mercy of the anti-slave States and at the same time to avoid outraging his sense of human justice.

We have pointed out the fears of South Carolina and Georgia that by joining in the Union they would expose themselves to oppressive taxation, the dangers they thought they would run because of want of justice on the part of the Northern States and dangers they did not care to risk. These dangers were taxes on slaves, of which the Northern States held few, and taxes on land, which was relatively cheap in the South, of so much per acre. Such a slave tax would have compelled the Southern States to contribute infinitely more to the support of the Government than their Northern sisters, and such a land tax would have been many fold more burdensome in the South than in the North. Yet it was very obvious that, if the Southern States were not given full representation in the House of Representatives for their slaves, they would be outvoted by the Northern States, which might arbitrarily and unjustly put upon the South a disproportionate part of the costs of government by imposing such taxes.

To expose the Southern States to the possibility of such taxation, Morris saw, was an injustice to them;

yet, to protect them against such injustice by giving them full representation for their slaves, and so encouraging the extension of the slave trade, he felt to be a greater outrage to human nature. In this dilemma he sought for some other means by which the Southern States might be safeguarded against unjust taxation, against a capitation and land tax of the nature above recorded. This he saw could be accomplished by providing that such taxes should be in proportion to representation. In feverish haste he followed this thought out by proposing that all taxes should be so apportioned, and then amending this proposition so as to cover direct taxes only. And this proposition the convention agreed to as providing for safeguards such as would secure a uniformity of taxation, such as would insure the Southern States against being called upon to contribute more than their share to the support of the government.

Thus it is seen that, in the view of the Constitution makers, direct taxes were primarily capitation taxes of so much per head, and land taxes of so much per acre, and that in the Constitution the words direct taxes must be taken in the meaning of capitation taxes and land taxes. It is clear that this is the meaning in which Bancroft was convinced that the framers of the Constitution held the words direct taxes; it is clear that in proposing to apportion direct taxation according to representation Gouverneur Morris went in his haste further than he intended; that he precluded the United States not only from imposing capitation taxes of so much per head and land taxes of so much per acre, save by apportionment among the States according to numbers, and, as was obviously his purpose, but from imposing land taxes upon a basis of values, taxes that would be thoroughly uniform and equitable throughout the United States. He intended to pre-

clude the United States from raising land taxes on a basis of so much per acre, because they would not be uniform or equitable throughout the United States, but just the reverse.

We also learn that Morris later labored, but in vain, to undo that which he had done without due thought. But, while it was generally understood when the Constitution was adopted, that the effect of the Morris motion was to preclude the United States from imposing an equitable land tax, no one dreamed that it precluded the United States from imposing an income tax, from deriving revenue by an equitable tax upon accumulated wealth. Yet it is thus that the clauses in the Constitution that grew out of this motion are now interpreted. They are interpreted so as to preclude the United States from taxing men according to their means, interpreted so as to make the collection of a uniform income tax an impossibility. And the very clauses that are thus interpreted were adopted with a view to secure a uniformity of taxation. It is a false interpretation and as such might well be reversed.

And on this ground it is urged that the income tax question may well be reopened by the enactment of an income tax that the Supreme Court may be given an opportunity to pass again on the constitutionality of an income tax and reverse the former decision. But reversion of the decision is no more to be expected on this ground, namely, that the latest interpretation, reversing as it did former decisions, was wrong, that the older decisions were right, than it is to be expected that the court would to-day declare an income tax constitutional as a war tax and thus declare an income tax constitutional as a war measure unconstitutional as a peace measure.

It is indeed true that the personnel of the court

has been somewhat changed since it rendered the decision adverse to the constitutionality of the income tax law of 1894, in May, 1895, and it is true that this decision was rendered by the bare majority of 5 to 4, and because of this change of personnel it is urged that the court might reverse its position should the question be tried again to-day. But for this hope there is no ground.

With the hand of death resting heavily upon him, Justice Jackson, of Tennessee, arose from his sick bed three years ago to be recorded in favor of the constitutionality of the tax. He thus arose from his sick bed, with the shadow of the grave upon him, and, though he thereby invited an earlier arrival of death, to break a tie in the Supreme Court, and that the income tax might be declared constitutional. But he arose in vain, for Justice Shiras, of Pennsylvania, who had but a few days before voted to declare the income tax constitutional, changed his vote. And now, Jackson, who upheld the constitutionality of the income tax, is dead, and his place filled by Peckham, of New York, an appointee of Mr. Cleveland.


One other change there has also been in the Court. Justice Field, of California, who voted against the income tax, has resigned, and his place been filled by Justice McKenna, late Attorney-General in Mr. McKinley's Cabinet. So two judges who took part in rendering the last income tax decision, one who held the tax to be unconstitutional and one who dissented, can take no part in a review of the case. But who can doubt that Justice Peckham, appointed by Mr. Cleveland, taken from the bar of New York and bred in all its influences of wealth, would hold an income tax to be unconstitutional? And what reason is there to believe that Justice McKenna would decide differently? The truth is that the view that an income tax

is unconstitutional is, in all probability, stronger in the court to-day than it was in 1895.

Before an income tax can be imposed an appeal must be taken to a higher court, the court of the people. To devise a limping income tax that would not conflict with the fundamental law as now interpreted is quite possible. But such an income tax we do not want, for it would not be equitable; to devise it would be a sheer waste of time. Why this is so, why we should direct our energies to securing a reversal of the decision of the court, and a reversal not by the court, but by the people, how the income tax case should be reopened and how the appeal taken to the highest courts, are questions that remain to be considered.

Just may an income tax be; false the interpretation of the Constitution that precludes the United States from imposing a uniform income tax, but such interpretation, false as it may be, stands, and there is no ground for hope that the present Supreme Court will reverse the decision of the court of 1895. It is the condition that confronts us. From imposing an income tax Congress is at present precluded. It may enact an income tax, but if that tax be uniform, it will be held to be unconstitutional, and therefore no law. What Congress enacts in this line of taxation the court will veto. The court must be changed or the power to veto an income tax taken from it ere such tax can stand.

It is indeed urged that an income tax may be devised that would be constitutional under the decision of the Supreme Court of 1895, and it is quite possible that such a tax could be devised. But such a tax could not be uniform and equitable, and therefore cannot be pressed by those who believe in equality of taxation. An income tax that rests on all income equally from



whatsoever source it may be derived is as just a tax as can be conceived, for it must rest upon all men according to their means; but an income tax that is mutilated so as to tax the toilers and producers of society and leave the drones escape is not a tax that can be considered by believers in equality. And it is only this sort of a mutilated income tax that can be considered constitutional under the income tax decision of 1895. Therefore, that decision precluding the collection of a uniform income tax precludes the imposition of any; it shuts the United States off from an income tax as a source of revenue; not indeed absolutely by name, but by shutting off a uniform income tax and an income tax that is not uniform cannot be thought of.

So it is not worth our while to attempt to devise an income tax that would be constitutional as the Constitution is now interpreted. In 1895 the Supreme Court annulled the whole of the income tax of 1894, but not on the ground that the whole of it was unconstitutional. It did so on the ground that a tax on income derived from rents was a direct tax on lands, and therefore unconstitutional unless apportioned among the states according to numbers, which it was not. And this much of the tax being declared unconstitutional, as was also a tax on income derived from personal property, and on the same ground, it was held that the balance of the income tax was invalid, not in itself as unconstitutional, but because the major part of the tax was invalidated, and the scope of the proposed tax so broken that it could not with reason be assumed that Congress would have passed the residue of the tax not held to be unconstitutional independently of that part which was so held and invalidated. Therefore the whole was invalidated.

Under this decision a tax imposed on the income

of the laborer, or the clerk, or the professional man, derived from their labor; or on the income of the farmer or manufacturer or merchant derived from their industry, but not from any savings, may be considered constitutional, but the income of the landlord, the mortgage holder or bondholder must not be taxed by the National Government save by apportionment among the several states according to numbers, which would be so inequitable as to be out of the question. Therefore shall we reopen the income tax case, for we cannot get justice until we do.

A tax on income derived from rents the Supreme Court has held to be a tax on land, a tax on income derived from interest on mortgages or bonds a tax on personal property, and so unconstitutional when not apportioned among the states according to numbers, for it is generally admitted that a tax on land is a direct tax within the meaning of the Constitution, and it was asserted by the court that a tax on personal property is a direct tax. And so likewise it might be held that that part of the income of the farmer owning his farm as might properly be regarded as the renting value of the farm, and that part of the income of the manufacturer as might be regarded as the earnings of his property rather than his industry would be exempt from all income tax. But the total income derived from industry, and that means absolutely all the income of the tenant farmer or the manufacturer renting his plant or paying interest on a debt representing its full value, can be lawfully subjected to an income tax under the present interpretation of our fundamental law, and so can income of clerk or teacher derived from salary, or of laborer from wages, or professional man from fees. But the income of the drawer of rents and in-

terest must not be taxed; from the industrious an income tax may be exacted, but from the drones, no.

This is drawing a line that is unwarrantable. In a broad sense an income tax may be justly regarded as a direct tax. It is direct because he upon whom the tax is levied pays the tax, because he who pays the tax cannot pass it on to some one else, collect it from some one else, so as to leave his own income unreduced. And this is true of an income tax whether derived from wages or salary or from rents or interest. The clause is indeed often written into bonds and mortgages that the borrower shall pay the taxes, that the loaner shall receive a fixed interest free of tax. But such clause only permits the loaner to escape taxation when such taxation is imposed upon the borrower. When the tax is imposed upon the loaner, upon the receiver of interest, as an income tax should be, he cannot escape. So in this broad sense all income taxes are direct taxes, and therefore under a strict interpretation of the Constitution unconstitutional.

But in interpreting the Constitution we must consider the meaning of words at the time of the adoption of the Constitution, and not a meaning given to them since. And as used in the Constitution, direct taxes meant capitation and land taxes, not income taxes.

It is very true that the great majority of political economists classify an income tax as a direct tax, but what have the definitions given by political economists during the last century to do with the meaning attached to direct taxes by the framers of the Constitution, and before these definitions of economists were current or published? It must be remembered that Adam Smith's "Wealth of Nations" was a new book when our Constitution was made.

The Supreme Court, in passing upon the constitutionality of the income tax of 1894, did not, however,

base its decision on any such broad ground; it did not assume as an invariable rule that a direct tax in the meaning of the Constitution is one that rests upon the persons paying the tax into the Treasury, an indirect tax, one the burden of which is shifted to other shoulders by the persons paying the tax into the Treasury, so that the nominal payers of the tax are not the actual payers. Thus customs taxes and the greater part of stamp taxes, and internal revenue taxes, are indirect. The importer who pays a duty on sugar is not the actual payer of such tax, for he adds the tax he pays into the selling price of such products. So the consumer of the sugar is the real taxpayer, not the importer who pays the tax into the Treasury.

And so it is with the manufacturer of tobacco. He buys the stamps, but the cost of those stamps is added to the price of the tobacco. The consumer is the actual, though not the nominal, taxpayer. And all such taxes are indirect, for the government, in collecting such taxes from importer and manufacturer, taxes the consumers through such men.

Therefore such taxes are indirect and indisputably so. The real taxpayer pays the tax to the seller of the goods in the shape of an enhanced price which importer and manufacturer exact in order to recompense themselves for the impost or tax paid the government. The result is that the real payers of indirect taxes are not cognizant of the payment of such taxes in one case out of a hundred. But the payer of direct taxes never pays such taxes without being cognizant of the tax, for such taxes he pays as taxes in name as well as fact, not as enhanced prices. The burden of the tax resting on the payer of the tax is the very essence of direct taxation, the shifting of the tax by him from whom it is collected to other shoulders is the essence of indirect taxation. In indirect taxation the appar-

ent and actual payer are not the same, in direct they are.

This is the simple and generally accepted definition to-day. But it was not the obvious, not the accepted meaning at the time the Constitution was framed and ratified. The distinction was not then sharply drawn. Direct taxes, in the meaning of the Constitution, are capitation and land taxes. We are convinced that no other taxes were meant by the framers of the Constitution when they declared that all direct taxes should be apportioned among the States according to population. We have given reasons for this conclusion that to us seem unassailable.

The Supreme Court, in its income tax decision of 1895, went further than to declare capitation and land taxes to be direct, declaring taxes on personal property and income derived from such property to be direct taxes within the meaning of the Constitution. But the court rested its chief finding on the ground "that taxes on real estate being indisputably direct taxes, taxes on the rents or incomes of real estate are equally direct taxes."

So let us examine this contention and see what warrant there is, if any, for the conclusion that a tax on rents is a direct tax within the meaning of the Constitution. That there is absolutely none we believe the history of the incorporation into the Constitution of the clauses in which reference is made to direct taxes conclusively shows. But to start off with, we are in fairness constrained to weaken our case by candidly admitting not only that a land tax is a direct tax, but that a tax on incomes derived from rents is equally so. The landlord cannot pass on a tax on rents, or a tax on the income of real estate to his tenants. He must pay such tax and he must bear it. By the amount of the income tax he pays will his income be reduced,

for he cannot, because of such tax, increase his rents and so make his tenants pay the tax. Therefore, such tax on incomes is a direct tax. It is a direct tax because it is paid into the National Treasury by those who bear it, because those who pay it do not act as intermediaries on behalf of the government for the collection of revenues from consumers.

Such was the view taken by the court which reasoned on the old Ricardian theory of rent, a theory that should be exploded as not in accord with the facts, but is not. This theory, which is built on the false assumption that the richer lands are the first to be cultivated, the poorer and least productive the last, is that prices of products must be high enough to pay the costs of cultivation on the poorer farms and leave a margin of profit to the producer sufficient to encourage him to continue production. Therefore, the richer farms will yield a profit over the poorer farms of exactly the value of the amount of produce that can be raised on such farms in excess of what can be raised on the poorer farms of like area. And this profit is said to be the renting value, and the happy possessor of such land can exact a rent equal to the difference in the productiveness of such farms and the productiveness of the poorer, for it is reasoned the cultivation of the poorest must be profitable, else such farms would not be cultivated. Thus if it will pay to cultivate the farm that will yield but ten bushels of wheat to the acre it is reasoned that the farm that will yield twenty will have a renting value of ten bushels an acre, the farm that yields thirty bushels a renting value of twenty, for it is assumed that the tenant cultivating thirty bushel land and paying for it a rental of twenty bushels per acre will be just as well off as the farmer who owns and cultivates ten bushel land. The conclusion is, that tenants can always be had for the richer

lands who will agree to pay as rent the difference in the productiveness between such lands and the poorest.

This is the basic idea of the Ricardian theory of rent. Accepting this theory it is quite evident that a tax on rents is a tax on the landlord, that such tax cannot be passed on to the tenant, and that, therefore, a tax on incomes derived from rents is a direct tax. Thus, if the income tax is placed at 20 per cent. the landlord possessing land producing twenty bushels of wheat per acre as an average, would have to pay a tax of two bushels and his income would be reduced from ten to eight bushels per acre. It would be reduced because he could not raise rents by two bushels an acre. To do so would reduce the share of the tenant to eight bushels, and if this would not pay the costs of cultivation such tenants would cease to cultivate, and perforce abandon the farms to take up the cultivation of the poorer soils, even migrate beyond the seas in search of such lands if they could not be had at home. Such in its bald outline is the Ricardian theory of rent as given to the world by British theorists.

But this theory is built on assumptions that are quite the reverse of true. This must be plain to the most casual observer in all new countries, and it has been noted by all those economists in the new lands who have been free enough of preconceived notions to brush aside the cobwebs of theory where theory has not comported to the facts. The truth is that the poorer and least productive lands are the first to be cultivated, the richest the last. The poorest are first cultivated because they are timbered the lightest and the easiest to cultivate; the richest the last because it takes more capital to bring them into cultivation, because they are generally heavily timbered and must be drained before crops can be remuneratively grown. And

so they only come under cultivation as capital accumulates; they are the last to be cultivated because the first costs are greatest. But just where the first costs are greatest the final profits are greatest, and as such land is cultivated the productiveness of labor increases. The greater outlay necessitated by the cultivation of such soils is amply rewarded, and even in the oldest countries vast tracts of such lands are unreclaimed, unused.

And where such lands are free and open to cultivation the rent of a farm amounts to what would come to something more than the ruling rate of interest on the amount of capital it would take to reclaim land of an equal area and richness and erect corresponding buildings thereon. The energetic young man of the farm, seeking to establish a home, will ever be ready to pay such interest for money in order to gain a farm as he judges he can earn upon such farm in excess of a profit such as he may deem sufficient to recompense him for his labor and the risk undertaken. A farm similar to that which he might create would rent for something more than the rate of interest on the capital needed to create such a farm, for the risks and hardships of cutting out a new path are greater than clinging to an old, and the rewards must be greater to incite men to the striking out on new paths. But it is none the less true that rents and interest rates fluctuate together, and both fluctuate with prices and in like direction, though they fluctuate after prices with great tardiness with the result that when prices fall producers are subjected to inevitable losses.

So we see rents are closely related to interest rates, and so rents cannot be raised unless interest rates are. They cannot, for the inevitable result would be to cause an abandonment of old farms and the bringing under cultivation of new fields, by which we do not mean

tracts of the public domain now well nigh exhausted, but tracts on old farms that have never been cultivated, though it is likely that such tracts are the richest, and the reclaiming and cultivation of these would make place for the laborers thrown out of employment by the abandonment of farms. Therefore if we tax incomes derived from rents the landlords must bear such tax, for to raise rents because of such tax would but cause many of the farms on which rents were raised to be abandoned by tenants who would throw up their leases before agreeing to an increased rent which the majority could ill afford. Before rents can be raised profits must be raised, for tenants cannot pay more than they can earn.

Let landlords in a city advance rents while money to build new houses can be had on mortgage at no advance in rate above that demanded by lenders before the landlord raised rents, and new houses will be built in greatly increased numbers, for men would find it so much cheaper to live in a house owned subject to a mortgage than a rented house that many would make great exertions to borrow money to build homes of their own. So the old would be abandoned for the new, and thus in short order the landlords be obliged to put down rents to keep tenants. Unless interest rates went up, and interest rates do not go up unless profits go up, landlords could not increase rents even if incomes derived from rents were taxed so as to virtually reduce rents to them. They would have to pay the tax, and so would an income tax on rents be direct.

So a tax on rents would be borne by the landlord, and as such would be a direct tax as defined by the generality of political economists who have written since the adoption of our Constitution. Moreover, such a tax reducing the renting value of land and houses would be equivalent, so far as the landlord is

concerned, to a direct tax on the land itself. And it is on this latter ground, not the first, that the Supreme Court has held a tax on income derived from rents to be unconstitutional. The court did not set up the claim that income taxes are direct, and that as such a tax on rents is unconstitutional. Quite to the contrary it admitted that income taxes were not, of themselves, in the meaning of the Constitution direct, but that the tax on income derived from rents was unconstitutional because taxes on real estate are direct taxes in the meaning of the Constitution, and a tax on rents derived from lands a tax upon the lands themselves. On this ground the court held the part of the income tax of 1894 relating to rents unconstitutional, and other parts to be constitutional though invalid because all the parts of the income tax were held to be so mutually connected and dependent that a part could not be invalidated without invalidating the whole.

In thus interpreting the Constitution, interpreting it so as to make a tax on income derived from rents unconstitutional as a direct tax within the meaning of the Constitution, and further applying the same doctrine to personal property, and an income tax on interest or dividends or profits derived from personal property, the court departed widely from the interpretation given the Constitution by those who had part in its making. On this point there is no room for dispute. There is little question that the framers of the Constitution meant by direct taxes capitation and land taxes and none other; that they did not mean taxes on personal property of any kind; that they would not have considered a tax on rents as the same thing as a tax on lands. That such was the meaning there is every reason to suppose from the purpose and manner of drafting the direct tax clauses into the Constitu-


tion. They went in to protect the Southern States from a capitation tax on negro slaves and a land tax without regard to value, which taxes would have rested onerously and inequitably upon the South.

That they so went in and were so understood to have gone in by men of the time is not open to question. It was so declared by the Supreme Court of the United States in 1796, and by a court in which two of the four members who thus early gave a judicial interpretation of the meaning of direct taxes had been members of the Constitutional Convention.

The case upon which this question was passed upon in 1796 arose over the imposition of a tax "upon all carriages for the conveyance of persons." It was not only a tax imposed upon carriages to be let out on hire and a tax which exacted from the owner of carriages in the first place might be exacted by him from hirers or passengers in the second as increased hire or fare, but a tax upon carriages kept for private use. In short, in the modern sense it was a direct tax—certainly so far as private carriages were concerned—upon personal property. But the court unanimously decided that such tax was not direct within the meaning of the Constitution; that in declaring that direct taxes should be apportioned according to population the framers of the Constitution had reference only to capitation and land taxes; that the purpose was to prevent any abuse of the rule of uniformity in the imposition of taxation; that no tax could be considered a direct tax within the meaning of the Constitution that could not be apportioned so as to be uniform and just. And as a carriage tax could not be laid by the rule of apportionment without very great inequality and injustice, it was held that it was not a direct tax in the meaning of the Constitution, which was framed on principles of equality and justice and uniformity.

Thus said Justice Chase in his opinion, and as an example of the inequity of a carriage tax if laid by apportionment, he cited this imaginary case: "Suppose," he said, "two states, equal in census, to pay \$80,000 each by a tax on carriages, and in one state there are 1,000 carriages and in the other 10,000. The owners of carriages in one state would pay ten times the tax of owners in the other. A, in one state, would pay for his carriage \$8, and B, in the other state, would pay for his carriage \$80." And, he added, it was absurd to suppose that the Convention contemplated the laying of taxes by apportionment in any case where it would lead to such inequality. The laying of an income tax by apportionment would be equally inequitable, and so an income tax must be ruled without the meaning of a direct tax as understood by the framers of the Constitution. Justice Chase further added that he was inclined to think "that the *direct* taxes contemplated by the Constitution are *only two*, to wit, a capitation or poll tax, simply without regard to property, profession or any other circumstance, and a tax on land."

But even more to the point are these remarks of Justice Patterson in the same case and as throwing clear light upon the meaning of direct taxes as used in the Constitution and the intent of the framers of that instrument. "I never entertained a doubt," he declared, "that the principle, I will not say only, objects that the framers of the Constitution contemplated as falling within the rule of apportionment were a capitation tax and a tax on land. Local considerations and the particular circumstances and relative situation of the states naturally lead to this view of the subject. The provision was made in favor of the Southern States. They possessed a large number of slaves; they had extensive tracts of territory, thinly settled and not very productive. A majority of the



states had but few slaves, and several of them a limited territory, well settled and in a high state of cultivation. The Southern States, if no provision had been introduced in the Constitution, would have been wholly at the mercy of the other States. Congress, in such case, might tax slaves, at discretion or arbitrarily, and land in every part of the Union after the same rate or measure; so much a head in the first instance, and so much an acre in the second. *To guard against imposition in these particulars*, was the reason of introducing the clause in the Constitution which directs that representatives and direct taxes shall be apportioned among the states according to their respective numbers."

And Patterson knew whereof he spoke, for he sat in the Constitutional Convention, and took part in its making as a delegate from New Jersey. He further strenuously asserted that the restricted meaning of direct taxes, narrowed down by the framers of the Constitution to just two, capitation and land taxes, "ought not to be extended by construction" for "numbers do not afford a just estimate or rule of wealth. It is, indeed, a very uncertain and incompetent sign of opulence." Justices Iredell and Wilson expressed themselves as of the same opinion, and such was also the opinion of Chief Justice Ellsworth, who was sworn into office on the day the decision was announced, but took no part in the judgment, as he had not heard the argument.

Thus we see how the Supreme Court of the United States adjudged the meaning of direct taxes as used in the Constitution as early as 1796. Thus we see the opinion of a court as to the intent of the framers of the Constitution, a court that was in position to declare that intent with accuracy, a court holding a position that no court can now attain, a position that

should leave the decree of the court unquestioned, for upon the court sat two men—Patterson, of New Jersey, and Wilson, of Pennsylvania—who had taken a prominent part in the Constitutional Convention. And this decision was upheld, when its justice was questioned it was affirmed, for nearly a century.

The most significant affirmation as bearing directly upon the question now under discussion was the unanimous affirmation by the Supreme Court of the constitutionality of the income taxes of the Civil War. Handing down the opinion of the court, Justice Swayne, alluding to the observations of the judges on the famous carriage tax case which we have given, affirmed that "It was well held that where such evils would attend the apportionment of a tax, the Constitution could not have intended that an apportionment should be made. This view applies with even greater force to the tax in question in this case. Where the population is large and the incomes few and small, *it would be intolerably oppressive.*" Then speaking for the whole court Justice Swayne quoted with approval Chancellor Kent, to the effect that "The better opinion seems to be that the direct taxes contemplated by the Constitution were only two, viz., a capitation or poll tax and a tax on land." Then citing several other authorities to the same effect he added, speaking for the court: "We are not aware that any writer . . . has expressed a view of the subject different from that of these authors. Our conclusions are, that *direct* taxes, within the meaning of the Constitution, are *only capitation taxes*, as expressed in that instrument, and *taxes on real estate* and that the tax of which the plaintiff in error complains (the income tax) is within the category of an excise or duty."

The decision of the Supreme Court in 1895, reversing all previous rulings of the court, setting aside all

precedents, reopening a question that had been looked upon as closed by a long and unbroken line of decisions was nothing less than revolutionary. No wonder Justice Harlan in a dissenting opinion declared with something more than the judicial calm of the bench that "If this new theory of the Constitution, as I believe it to be, if this new departure from that safe way marked out by the fathers and so long followed by this court, is justified by the fundamental law, the American people cannot too soon amend their Constitution."

As the Constitution is now interpreted the Congress of the United States is precluded from collecting a uniform income tax. If it see fit to put a tax on the income of the landlord, or mortgage holder or bond holder it must impose that tax not according to the size of incomes, but according to the rule of apportionment among the States. And this the American Congress cannot see fit to do unless it see fit to be unjust. As Justice Harlan said: under the income tax decision of 1895, Congress "cannot touch the income from real estate, nor the income from personal property, invested or uninvested, except by apportionment among the states on a basis of population." And he added, "Under that system the people of a state, containing 1,000,000 of inhabitants, who receive annally \$20,000,000 of income from real and personal property, would pay no more than would be exacted from the people of another state, having the same number of inhabitants, but who receive income from the same kind of property of only \$5,000,000." Under the present interpretation of the Constitution Congress can indeed tax the income of the industrious, of the laborer and clerk, of the salaried man, of the business man, the merchant, the manufacturer, the farmer, turning his brain and enterprise into money. But the income tax that taxed

the industrious and not the drones of society would be unjust and cannot be thought of.

Therefore shall the income tax case be reopened. But to reopen it before the present court would result in the accomplishment of no good end. It would but result in the affirmation of the unjust decision of 1895. We must then reopen the case before a court superior to the Supreme Court. We must appeal the question to the people who are the source of all power, all law. We the people of the United States made the fundamental law which is held by our Supreme Court to mean something that our forefathers did not intend it to mean. But what we the people have done we the people can undo. There is a court superior to the Supreme Court, and to that court the appeal must be taken. The decision of the Supreme Court that proscribes resort to the justest of taxes must be reversed. The court will not reverse its decision unless we can change the personnel and so the complexion, and this can only be done, within reasonable time, by increasing the number of Supreme Court justices and packing the court as the court was packed to reverse the Dred Scott decision a generation ago.

But this is not the way to secure a reversal. The way to secure a reversal is for the people to overrule the Supreme Court, to amend the Constitution so that a Supreme Court cannot hold an income tax unconstitutional. But there is a better way to accomplish this than by directly amending the Constitution so as to give Congress specific power to impose an income tax. That better way is to amend the Constitution by providing that the people shall be accorded the right to vote on any measure passed by their Congress and approve or veto it by their vote, and the further right to vote upon any measure that a considerable percentage of the people may initiate by petition, and so legislate

over the heads of their representatives, and by further providing that any measure thus directly voted upon and approved by the people, whether initiated by Congress or the people, shall be considered fundamental law, and therefore above revision by the Supreme Court, above revision because passed upon by a superior court, a court from which the Supreme Court derives its power, its being: The people of the United States. It is by pressing such amendment that we should reopen the income tax case, it is before the people that we must reopen it.

To the question: Shall we reopen the income tax case? there can be but one answer: As justice is eternal assuredly yes, but last it must be reopened before a higher court than the court that passed upon it; before a court unswayable by the prejudices or the passions or the interests of a class, a court swayed by influences, by interests bearing not upon the few, but common to the majority of our people; in a word, to the people of the United States who constitute the court of last resort.

THE COURTS INCITING TO RIOT.

[August 14th, 1897.—The Great Bituminous Coal Strike of that year being then at its height.]

IT is the duty of the courts to interpret the laws, it is their duty, with the assistance of jurymen chosen from among those in private life, to try those charged with infractions of the law and to mete out to those found guilty such punishments as may be provided by law. It is not their duty to either make the laws or to provide penalties for infractions of the laws. That duty belongs to the legislative branch of the government, not to the judicial, and the enforcement of the laws, the prevention of crime, the preservation of the public peace is entrusted to the executive. It is the duty of the executive authorities, federal, state and county, to preserve the peace in their respective spheres; it is their duty to take steps for the prevention of crime, and it is not the right of the courts to say what those steps shall be.

Those entrusted with the responsibility for the prevention of crime, those whose duty it is to take steps to prevent one man or body of men from trespassing on the rights or property of another, must be left free to take what steps they consider necessary. It is for them to decide what steps are necessary, not for the courts. For the courts to assume this right, to assume the right to direct the executive authorities to take this and that step for the preservation of the public peace and the execution of the laws, for them to override the judgment of the executive authorities as to what steps are necessary and to direct the taking of steps that, in the judgment of those specially entrusted

with the preservation of the public peace, are calculated not to preserve the peace, but to excite passions, incite to riot and lead to a breaking of the laws, is a grave and dangerous abuse of judicial power. It is nothing less than a usurpation of executive power by the judiciary. And when the courts go still farther in this habit of directing the executive authorities as to the manner in which to fulfill their duties, and direct such authorities to deny to large bodies of our citizens rights that have not been denied to them by statute law, we have a usurpation of legislative functions by the courts as well, an overriding of laws made by the legislature with court-made laws. Such exercise, by the courts, of a power that is denied to them, is an infraction of the law, a breaking of the law by the courts even though the courts decree it not to be.

— All rights that are not specifically surrendered by our people, through their representatives, to the federal or state or municipal governments to be exercised by such central authority for the common weal, are reserved to the individual. Rights that the individual or the majority of individuals have not voluntarily surrendered to a common authority cannot be denied to the individual. No court can rightly deny to our people rights they have not denied to themselves. For the courts to do so is a usurpation. Such is the theory of a government of, by and for the people.

If the courts are left free to deny the right of men to exercise rights that they have never delegated, and hence are inherent in the individual, we have a government by the courts and those influencing the courts, not a government by the people. It should be remembered that all powers vested in the courts are derived from the people, that powers that have not been granted cannot be rightly exercised by the courts

or the executive. To do so is usurpation, for rule by "divine right" is not recognized in America—at least not recognized in the constitution we established for ourselves.

Usurpation of executive and legislative functions by the courts, and hence rule by the courts, means an approach to rule by an oligarchy, a loss of power on the part of the people to direct their own affairs, for the further the servants of the people happen to be removed from the necessity of rendering account to the people the more subject do they become to the influence of the few, and the less subject to the influence of the many. And our judges, of all our servants, are most distant from the people, and hence most subject to the blandishments of oligarchy.

Men are but mortal, and the judicial ermine confers no perfection. Woe to the Republic if ever the doctrine gains acceptance that the courts can do no wrong.

We submit to the decisions of the courts, we accept the laws as the courts interpret them, even though we think such interpretations, such decisions, wrong. As free men we pride ourselves on submitting to the findings of our courts. Yet, acceptance of the interpretations of the courts is not to be taken as an admission that the courts are right and the people wrong, that the judgment of the unskilled many is wrong, the judgment of the trained few right. We cheerfully accept the interpretations of the courts, fully believing that if such interpretations make laws obnoxious to the majority such laws will be repealed, or amended, and others passed, so that in the end the people may have their way and rule, so that the judgment of the people as to what is right and just, not that which the courts adjudge, may become the law of the land. In short, the will of the people, not the will of the courts, is or should be supreme.

There are constitutional checks in many instances to such expressions of the will of the people and to the enforcement of that will, but those checks which the people saw fit to impose upon themselves the people can remove. Thus we have the courts, both state and national, declaring this and that law to be unconstitutional, and thus standing in the way of the people having their way, of the enforcement of such laws as the people may deem wise and just. But such check is not a checkmate, for constitutions, as well as laws, may be amended by our people, and an obnoxious inhibition found in a constitution struck from that instrument just as an obnoxious law, made so by the decision of a court, may be struck from the statute books.

True, a constitution cannot be amended as readily as a mere law; there are certain forms put in for delay and the securing of mature deliberation that must be gone through with, but in the end a constitution can be amended, though it may require much more than a majority of our people to amend the Federal Constitution. A constitution differs only from a law in that the former instrument has been submitted to the people for their acceptance, and by their vote approved, while the latter takes effect without being ratified by the people. Both are framed by the representatives of the people, but the constitution thus framed must be passed upon by the people before taking effect; the law becomes effective upon being passed by the representatives of the people. Thus it is that a constitution derives a double authority from the people, and thus is rightly considered as the supreme law of the land. And being framed with more care, and having been given the force of expressed popular approval, it is not to be put lightly aside by the simple act of the representatives of the people. It must be

amended after the fashion in which it was made; powers must be withdrawn or changed by those who gave them.

In short, we have in many of our constitutions a narrowed application of the principle of the referendum. Extend this principle to legislation of a general character, and we will have laws that, deriving their force directly from the people, will be above constitutional restrictions, for they will be the equal of constitutional law, and which, being derived directly from the people, can be only repealed with the direct consent of the people.

As we have said, constitutional checks to the carrying out of the will of our people are not insurmountable, for when a constitution is declared by the courts to stand in the way of the enactment of some legislation that the people deem just and wise, such constitution can be amended and the inhibition removed, though the machinery may be somewhat cumbersome.

So it is that we accept the decisions of the courts for the very reason that they are not final if they seem wrong to our people. We accept them as free men, though they may restrict our liberties, may take from us rights we never surrendered, knowing that there is a higher court to which we may appeal, the court of the whole people, which is the court of last resort. As long as this principle is recognized a liberty-loving people will be content with its courts.

But when the courts exceed the authority which they have derived from the people, do not confine themselves to the interpretation of constitutional and statute law, do not confine themselves to nullifying this or that law on the ground that it is unconstitutional, and which the people have ever in their power to make constitutional by changing the constitution, but spread out in new fields, assume the right to make

laws, to usurp powers granted to the legislative branch of the government and dictate to the executive, act as if they derived authority by divine right, not from the people, and are superior to the people, what are we to say? What, but that the will of the people is no longer supreme, that the people are no longer sovereign, that we no longer have a government by the people, but by the courts. When the courts break the laws by taking to themselves not only powers not granted them, but powers denied them, when they set themselves up as superior to those from whom they derive their power, we must look to the people to break the court-made laws, for under such laws, under such usurpation of authority, they cannot live contentedly.

And of such usurpations, such exceeding of authority, have our courts been guilty. We have had striking examples during the past few weeks of the assumption of executive as well as of legislative powers on the part of our courts. We have seen the courts of Western Pennsylvania and West Virginia, both state and federal, issuing injunctions restraining men from the exercise of rights that they have a perfect legal right to exercise. We have seen the courts deny to the striking coal miners the rights of assembly and free speech, the right to the use of the public highways, the right to speak with the miners still at work and plead with them to join the strike. We have further seen the courts assume to direct the different county sheriffs, representatives of the executive branch of the government, as to the steps they should take to prevent violence, to prevent the breaking of the law. The directions given by the courts may have been in accord with the judgment of the different sheriffs as to the proper steps to take to guard against infractions of the law, against one man trespassing on the rights of

another. But the courts had no right to issue those directions, each sheriff should have been left free to act, free to take such steps as he deemed necessary to preserve the peace, not forced to take steps that the courts declared necessary, and which are calculated to incite to riot, not to preserve peace. The sheriffs, not the courts, are charged with keeping the peace.

The people of Pennsylvania and West Virginia never surrendered their rights of free assembly, free speech, free use of the public highways to the courts. And not having surrendered those rights the courts have no right to deny to the people the right to exercise such rights. The striking miners have a perfect right to exercise such rights and for the courts to say they have not and make the exercise of such rights a penal offense, make acts penal that are not made penal by statute law, is a usurpation of legislative authority. It is more. It is an exercise of authority granted by the people to no one.

It may be said, it is said by the New York "Times," that "the existence, in a neighborhood, of a large number of idle men who think they have been ill-treated, is of itself a threat against the public peace." It may well be so, especially when interested parties, working in the interest of the mine operators, working to bring about violence, thus alienate public sympathy from the strikers and make an excuse for the calling out of the militia, for the suppression of the strike, seek to introduce whiskey into the camps of the strikers. The use of intoxicants is strictly prohibited by the strike leaders to their followers, and no liquor is allowed in the camps of the strikers, for the presence of liquor in the camps, the danger, the certainty of intoxication, loss of self-control and violence, would be fatal to the strike. But regulations the strike leaders have made in order to prevent infrac-

tions of law, others seek to bring to naught. And those others are interested in bringing about violence. They may not work at the behest of the operators, but they work in their interest. We know this from the fact that barrels of whiskey have been shipped to the miners' camps at the De Armit mines from Braddock, that they have been paid for and all shipping charges settled at the Braddock end. So it is evident the sender of the whiskey could not have sent it with a view to profit from its sale, for the whiskey sent must have been a dead loss to the sender. The profit hoped for must have been an indirect profit, none other than the breaking up of the strike through violence.

To repeat, we may admit that the existence in a neighborhood of a large body of idle men who have been aggrieved, may be of itself a menace to the public peace. But whose duty is it to say whether it is or no? It is the sheriff's, not the court's. The existence of such assemblies is no occasion for the launching of injunctions by the courts, penalizing those who take part in such assemblies. It is for the sheriff to say whether such assemblies are a menace or not, it is for him to disband them if they are, it is for him to prevent the marching of miners on the public highways, read the riot act commanding them to disperse if he thinks things have gone to that extreme. It is not for the courts to supersede the sheriff and tell him when and where there is danger of outbreak. The sheriff on the ground must be his own judge. He has authority to command riotous assemblies to disperse, he is the judge as to when assemblies of men have become riotous; the courts have no such authority. So long as public meetings are conducted peacefully and with peaceful intent, so long as there is no inciting to violence, neither the sheriff nor anyone else has a right to interfere.

Yet the courts have interfered. They have issued injunctions denying to the striking miners the right to approach those mines that are still in operation with a view to induce the working miners to strike. The strikers have been denied the right to use the public highways leading to those mines, denied the right to plead with the working miners as they are on their way to or from work to come out on strike, denied the right to hold meetings in the neighborhood of the mines that are being operated, denied these rights on the ground that their exercise would interfere with the working of the mines, on the ground that such exercise would be prone to lead to violence.

But why should the courts ever be quick to see any trespassing of the strikers on the rights of the operators, and be blind and deaf when the operators trespass on the rights of the strikers? True, the presence of the striking miners in the neighborhood of the working mines is calculated to interfere with the working of those mines, calculated to bring out the miners on strike and shut down the mines, but it is equally true that the efforts of the operators to fill the places of the strikers interfere with the right of the strikers to a living wage. And if the strikers are denied the right to argue with those about to fill their places, or have taken their places, refused the opportunity to plead with them, show them that by working they will take bread from the mouths of their fellows, and lead to the degradation of the whole mining population, how can the striking miners enforce their right to a living wage?

To deny the right of the strikers to plead with their fellows at work, to order them to a distance from which they can neither make themselves heard nor seen, so that they may not have the opportunity to plead with others not to take their places, is to deny

them the right to make the strike effective so as to force the operators to comply with their demands; it is to interfere with their right to work. And the right of the miners to work, to refuse to work at the wages offered by the operators and endeavor to prevail upon other men not to take their places, is just as sacred as the right of the operators to work their mines, to endeavor to prevail upon men to take the strikers' places. If, then, the courts interfere with the right of the strikers to assemble around the approaches to the mines, on the public highways, and hold meetings with a view to pleading with new men not to take their places and break the strike, they should prohibit the operators from going outside and endeavoring to hire new men to take the places of the strikers. If the strikers are to be prohibited from leaving their neighborhoods in order to bring out on strike men at other mines than their own, then the companies should be prohibited from going outside of their own neighborhoods to hire miners to take the places of the strikers.

And now as to the assemblies of striking miners being a menace to the public peace, for this is a second ground on which the injunctions prohibiting such assemblies have been launched against the strikers. Such meetings are no more a menace to the public peace than the importation by the companies of miners to take the place of the strikers. It is said that the companies have a right to import miners. This is so, but so have the strikers the right to assemble and plead with those imported miners not to go to work. The miners have the same right to profit by their labor as the operators have by the working of their mines. The strikers no more menace the public peace by marching on the public highways and assembling in the vicinity of mines that the operators are attempting to operate, and endeavoring to prevail upon the

miners thereabouts and that the operators may bring, not to go into the mines, than do the operators menace the public peace when they import bodies of miners to take the places of the strikers, as the De Armitt people are reported as endeavoring to do.

Further, nothing is more calculated to incite to riot than the lending of the courts to the operators in an effort to coerce the strikers into submission. As the "United Mine Workers' Journal" says:

"How long the people will quietly submit to such coercion remains to be seen. It is, however, possible to drive them to the point of exasperation and desperation, and it appears that a studied effort is being made in West Virginia and Pennsylvania to accomplish that end, otherwise there is no need for injunctions or deputies. We trust, however, that the miners will be on their guard and not allow themselves to be caught in the trap so cunningly laid for them, but that they will maintain the peace in the future as in the past, and continue to move along the lines that can give no offense to the general public, whose sympathy is so manifestly in their favor."

We cannot better add further comment than in the words of the New York "Tribune," a paper which we have seldom the pleasure of quoting with approval, but which for once at least has not been prejudiced by its surroundings:

"Nothing is so likely to provoke disorder," says the "Tribune," "as to make law hateful. That is a fact which the coal operators who are engaged in a contest with their workmen and the officials who are on guard to preserve the peace should not forget. Strikers have rights under the law—even rights the exercise of which may cause mine owners inconvenience, perhaps

unreasonable loss. The strikers have so far maintained exemplary behavior. They have kept the peace. . . .

"It is the height of unwisdom for anybody so to enforce the law in their case as to give them reasonable ground to feel that they have no rights anyhow, and that they might as well engage in riot as in peaceful agitation.

"That feeling, we fear, is likely to be aroused by the injunction granted by Judge Jackson in West Virginia. It not only forbids Eugene V. Debs from molesting the property of the Monongah Coal Company, but also to approach the mines to ask its employees to join in the strike. It enjoins him from interfering in any manner whatever, either by word or deed, in the company's affairs. Doubtless Judge Jackson feared a riot and sincerely thought this was the best way to prevent one. We fear, however, that, even if he has the right to issue such an injunction, he is making for riot rather than against it. As to the right itself, we think a layman may be excused if he questions it. As Debs says, this injunction restrains him from walking in any of the public highways leading to the mines. We have not, as our readers are aware, a high opinion of Debs; but we think that his view is correct in this case. A man has a right to ask another to stop work; he has a right to speak in public, subject to the ordinary police power of stopping disorderly meetings. . . .

"It is the duty of the courts and executive officers to compel them to keep the peace, no matter how just their grievance or how great their anger, and public opinion will uphold such compulsion even to the last extremity. But it is not the business of any branch of government to interfere with any citizen in the peaceful exercise of his legal right of free speech and moral

suasion to induce others to an action not unlawful in itself."

So much then as to the courts and their injunctions. Instead of serving to preserve the peace they incite to riot.

Yet it is indisputable that this assembling of the coal strikers in large bodies, marching hither and yon and camping in the neighborhood of the working mines with the purpose of bringing out the workers on strike and preventing the filling of their places, the attitude of the operators, the very existence of the strike leading to enhanced prices for coal, greatly to the injury of industrial enterprises caught with short supplies of fuel, are matters of grave public concern. The public is interested in the struggle, it is interested in the settlement, and it has a right to insist on an early and permanent settlement. And such settlement must be equitable. The public cannot regard such a strike any more than it can a railroad strike with unconcern. It cannot remain an impassive spectator, for employers and employees are not alone interested in such struggle. The whole public is intimately interested and hurt by it.

Those engaged in coal mining, as those engaged in railroading, owe duties to the public as well as themselves. And to a fulfillment of those duties they should be held. They should not be permitted to tie up the wheels of industry as sustained strikes ever must. The difficulties between the coal miners and operators concern the public, and this being so, the public should have the right to enforce their settlement. The whole public should not be made to suffer by others' quarrels. Such disputes should be made subject to compulsory arbitration.

ARE THE RIGHTS OF CAPITAL SUPERIOR TO THE RIGHTS OF MAN?

[August 21st, 1897.]

THE part taken by the courts in the pending coal strike must leave a bad taste in the mouths of our wage-earning population that cannot fail to do much to destroy that respect for the courts, and faith in their rulings, which is so indispensable for the successful working of our institutions. It is only by dispensing justice, by securing every man, never mind how meek and lowly, from the aggressions of his fellows, however rich or powerful such aggressors may happen to be, only by protecting every man in his rights, without prejudice or preference, that we can secure that cheerful submission to the law which is the enemy of anarchy.

It is by establishing a regime of justice and equity, not by the application of force, that we must strive to constrain our people to live up to the law. Such is the theory of our government.

If we dispense justice inequitably; if we have one law for the powerful and one for the poor; if we extend the protecting arm of government to the few with capital but withhold it from the many who sell their labor; indeed, lend the strong arm of the law to protect those who are preying upon the fruits of others' labor in their aggressions, protect them in crushing under foot and despoiling their weaker fellows, we outrage the spirit of our institutions. Law so dispensed will not be willingly, cheerfully submitted to; it may be accepted by fear, it will not be accepted by

preference, and instead of having that cheerful submission to law that is the enemy of anarchy, we will have that resentful submission that is the breeder of anarchy.

In a monarchy or autocracy where the spirit of men is broken, where they have grown accustomed to injustice, and where they have not the courage to resist or even protest when their rights are trampled upon, it may do to depend upon force to beat men into submission to law, but it will not do in America, at least we think it will not do; it certainly will not do if the Republic is not dead. To attempt to govern by force, not by justice, to dispense justice according to a measure of riches and power, will bring on a cataclysm. We say this not in an alarmist vein.

And now we have unmistakable evidence in the attitude taken by the courts toward the coal strike that they hold the right to employ capital to be more sacred than the right to labor, that the coal operators come first in the eyes of the law, and that where the interests of operator and miner conflict, the interests of the operator must be upheld and guarded over by the law without regard to the interests of the miners. So we have men asking: Is capital alone entitled to the protection of the law? Have men no rights that capital must respect?

It is regrettable that men should be asking these questions, regrettable that there should be loss of respect for the courts and faith in their rulings, regrettable, not indeed from the mere fact that men should be asking these questions, but from the fact that there should be occasion for the asking. Our government cannot run on smoothly and peacefully when the courts are held in disrespect, when they are looked upon as the abettors of injustice and oppression, not the conservators of equity. And it is in this light

that the courts are putting themselves by taking sides with the coal operators in their efforts to crush out the strike.

We repeat, it is regrettable that the courts should put themselves in this light, regrettable that they should have made the occasion for men to ask if the striking miners have no rights that the operators must respect, for if there are no rights the individually powerful must respect in dealing with those who are individually weak, but who may yet show themselves to be invincible collectively, the many can have no respect for the law, and such a state is calculated to breed anarchy. But the courts having put themselves in this light, having made the occasion for men to ask: Is capital alone entitled to the protection of the law? have men no rights that capital must respect? it is not only not regrettable but most fortunate that men should ask these questions. If they did not it would augur ill for the life of our Republic. If the time ever comes when our people no longer have the spirit to protest against and resist injustice and aggression, liberty will be crushed under foot and the Republic will die.

Capital is entitled to protection, all men are entitled to protection in the enjoyment or use of the wealth they can honestly accumulate so long as they do not spend it or use it to the detriment of society, but the mere possession of wealth should not put the strong arm of the law at the special command of that possessor to be used for the oppression of the many. While the possession of wealth commands the service of the courts there can be no such thing as an equitable dispensation of justice, no such thing as good government, and without good government there cannot be a peaceful enforcement of the law, save where in-


justice has been handed down from generation to generation, and there will ever be anarchy.

It must be remembered that our courts occupy, or should occupy, a sphere of their own. That sphere is the interpretation of disputed points of law, the settlement of disputes between individuals in accordance with the rules of statute law and the dictates of equity and the conduct of the trials of those accused with infringing on the rights of others so as to secure justice and punishment where punishment is due. To secure the conduct of such trials and the settlement of disputes in an impartial manner, free from prejudice, the judges of our courts have been given a long tenure of office calculated to free them from the temptation to judge, not after the rules of equity and so as to secure justice, but in accord with popular prejudice, and so as to secure popular approval. For these reasons the judiciary has, in the theory of our government, been removed by method of selection and tenure of office from close accountability to the people and in a measure made independent of and superior to the wishes of the people. For the same reasons the legislative and executive branches of the government, the one entrusted to record and the other to execute the will of the people, have been made directly responsible to the people, and the tenure of office made short so as to oblige them to render constant account of their doings to those who entrusted them with power, so that they may be made to feel their dependence on the people, and so that the people may have the power to exert direct and constant influence over the men they choose to carry out their will. The courts have in a measure been made independent of the people in belief that a power could be so created as would constrain the carrying out of the will of the people after an equitable manner.

Thus the legislative branch of the government was entrusted to record and the executive to execute the will of the people, while the judiciary was entrusted to see that that will was executed so as to preserve the equities. Thus were the spheres of the branches of our government delineated, thus were they entrusted with particular functions, thus were legislative and executive branches held to strict accountability to the will of the people, the judiciary made in a measure independent of that will. Thus have the places of legislators and executive officers been made elective and for short terms of office, while judgeships, though as often made elective as appointive offices, have been invariably made with a view of securing a long tenure of office.

It must be admitted that this freeing of the judiciary from direct dependence and submission to the will of the people has not worked as well as expected. In place of putting the judiciary on a high plane where the judges would be free from temptation and secure a dispensation of justice without prejudice or preference, it has given us a judiciary independent of the people, but submissive to those with wealth. Removed from the necessity of rendering account to the people, fearing nothing from going counter to their judgment and wishes, our judges have grown more and more independent of the influence of the masses of our people and fallen more and more under the sway of those who command centralized capital and use it for the oppression of the many and the further aggrandizement of wealth.

Men move naturally in the line of least resistance, and it is no reproach on the honor of our judges to say that they are influenced by their surroundings, that they see through the glasses worn by the circle in which they move, and that those glasses are colored so



as to make black look white, wrong right, and blind men to the injustice perpetrated on the many in the interest of those with centralized capital. Thus it is made to appear that aggressions made by centralized capital are not aggressions, and that all resistance to such aggressions, on the part of labor, are attacks on capital and the rights of property, and must be resisted as such.

So it is we have our judges removed from dependence on the masses of our people, having no need to feel their pulse, but finding it more congenial to associate with those who have accumulated wealth, perhaps by robbing the many of the fruits of their toil. Naturally, we find the views of such judges influenced by the views of those interested men who gladly receive them in their circle and welcome them to their boards, ever ready to share with them the luxuries of wealth.

Moreover, we doubt not that there are judges on the bench who are subject to more direct influences than this, who are guilty of being the recipients of vulgar bribes. As a consequence we have the law dispensed with prejudice, we see the possessors of centralized capital protected by the law in their aggressions upon the industrial classes, we see the right to employ capital exalted above the right to labor.

Right here let it be remarked that capital is no enemy of society. Without the accumulation of capital there could have been no progress along the road to civilization, and without the continued accumulation of capital there can be no continued advancement along that road. Moreover, as civilization advances it is necessary to concentrate capital, to invest large sums in single undertakings. It is only by so doing that labor can be made most productive.

But the concentration of capital does not necessi-

tate the centralization of capital in single hands; it is not necessary to rob the many of the surplus fruits of their toil, and what should be their savings, in order to accumulate capital. The earnings and savings of the many can be made the source for the accumulation of capital for great enterprises, just as well as the stealings of the few.

Therefore, though capital is not the enemy of society, those who possess capital and use such capital to gather to themselves the fruits of others' labor are the enemies of society, for to deprive men of the fruits of their toil is to discourage industry, stifle production and retard the accumulation of wealth. And everything that retards the accumulation of wealth, which is capital, retards the advance of civilization.

In short, those who accumulate capital by preying upon the fruits of others' labor are the enemies of society, for such despoilment retards the production of wealth, retards the accumulation of capital. When men are protected in the enjoyment of the fruits of their own labor the accumulation of capital will be much more rapid than when the few are permitted to grasp the surplus wealth, the capital produced by the many. Under conditions of equity there would be many small accumulations of capital where now there are a few large, but the combined capital of the many would grow much faster than the capital of the few now does. Some would, of course, accumulate capital more rapidly than others, for some men are abler and more energetic than others. There would be some comparatively rich men and some poor even if every man was secured the wealth and capital he produced, but there would be no inordinately rich men, men rich, not from their own energy spent in producing wealth, but from their skill in depriving men of the fruits of their toil. Civilization will advance most rapidly un-

der that government that encourages the accumulation of capital by men who gather it legitimately, and not by exacting tribute from others, and treats as enemies of society those men who accumulate wealth by despoiling other men of the products of their toil, for under that government the accumulation of capital will be most rapid.

And now to return to the courts which have laid themselves open to the charge of dispensing injustice in the name of justice, of exalting the rights of property above the rights of man, the right to employ capital above the right to labor, of extending assistance to the coal operators in their efforts to crush the pending strike and drive the miners back to work at old wages and under old conditions. In short, the courts have laid themselves open to the charge of arraying themselves on the side of the operators and of assisting those operators to drive the men back to work at starvation wages. And these charges are warranted. The courts have shown themselves as the protectors of capital and oppressors of labor.

The courts of Western Pennsylvania and West Virginia, federal as well as state, are the present offenders. It has fallen to their lot to take cognizance of the coal strike, and, subject to the influences which surround them, they have looked at the struggle from the standpoint of the operators, looked through the colored glasses that teach that labor has no rights that capital is bound to respect, and acted accordingly. The operators have asked the assistance of the courts to run their mines and break the strike, asked the courts to enjoin striking miners from approaching the miners still at work with a view of influencing them to join the strike, and the courts have complied by issuing injunctions making it a penal offence for the strikers to approach the working mines and hold conference with

the working miners on the public roads leading to the mines. Thus the strikers are practically denied the right of communication with the working miners as if such miners were the slaves of the companies and not free men.

It is said there is no warrant to put this interpretation on the injunctions issued by the courts, that such injunctions only restrain the strikers from assembling and marching on the roads running through the properties of the affected coal companies, roads opened and kept by the companies. But suppose this were so? To whom does the use of these so-called company roads belong? The companies have rented their houses to miners, some of whom are on strike and some at work, and when they rented those houses they rented the right to the use of the roads leading to such houses. Thus the property of the roads has passed out of the hands of the companies for the time being, just as has their control over the houses rented. They have no more right to deny the right of the strikers to approach the working miners over those roads than they have a right to say who shall and who shall not cross the thresholds of the houses they have rented. When the strikers use such roads they are not trespassing on the property of the coal companies, for the right to the free use of those roads, the right of ingress and egress to the companies' houses over those roads passed beyond the control of the companies when they rented such houses. But the injunctions issued by the courts go much further than enjoining the strikers from using the paths and roads on the properties of sundry coal companies, and so it is not worth while to further pursue this phase of the subject.

If it was the business of the courts to execute the laws there would be no objection to the issuing of in-

junctions restraining and enjoining the strikers from assembling, marching, or encamping in the vicinity of the working mines with the purpose of preventing the miners of such companies from continuing at work "by intimidation, menaces, threats and opprobrious words." But as it is not the duty of the courts to execute the laws, but the business of the respective county sheriffs to preserve the peace, judge when the strikers are preventing miners from working by intimidation and menaces, and thus trespassing on their right to work, and as it is the further duty of the sheriffs to take such steps as they may deem necessary to prevent the commission of such acts of trespass on the right of men to work and not the duty of the courts to dictate those steps, there would be grave objection to the courts issuing injunctions, even should those injunctions go no further than to restrain the strikers from doing that which they have no right to do, and which it is the sworn duty of the sheriffs to see that they do not do.

But as a matter of fact the injunctions go much further than this, and restrain the strikers from doing that which in no way trespasses on the rights of miners willing to work, and which they have a perfect right to do. Thus we have the strikers enjoined from inducing the working miners to quit work; in short, prevented from presenting any reasons to those miners at work and willing to continue to work, such as would induce them to quit work.

For the strikers to visit the working miners, to talk with them and endeavor to show them that by continuing to work they are jeopardizing the success of the strike, and that in the event of the strike failing they will be ground down to further poverty, that by continuing to work they are sacrificing the future for temporary gain, is certainly not trespassing on the

rights of such working miners. On the contrary, to deny to the working miners the opportunity to listen to the advice of the strikers and act on that advice, if after they hear the arguments presented, they should deem it to their profit to do so, is to trespass on their rights. And of this trespass the courts are guilty, and they are guilty of the further trespass on the rights of the strikers whom they have virtually enjoined from making efforts to extend the strike and make it a success.

Thus we have the courts not only usurping executive functions, but usurping such functions to the end of strengthening the hands of the operators and weakening the hands of the miners, restraining the strikers who have not trespassed on the rights of anyone and becoming trespassers themselves. They have held that the operators have a right to induce men to take the places of the strikers, which is right, but they have denied the equal right of the strikers to induce men to quit work and join the strike, which is wrong. To protect the operator in the enjoyment of his right to induce men to take the places of the strikers while restraining the strikers from inducing such men to quit work is a grievous injustice, it is giving aid to the operator to fill the places of the strikers, crush the strike and force the strikers back into worse conditions than ever, while denying to the strikers the right to protect themselves; it is an avowal of that monarchical principle that the weak have no rights the powerful are bound to respect, of those principles of modern oligarchy that the rights of property are superior to the rights of man, that men have no rights that capital must respect, that the interests of capital are to be conserved at the expense of the interests of the industrial classes.

Such avowal on the part of our courts, such trea-

passing on the rights of labor at the dictation of centralized capital, we cannot afford to let pass unrebuked, for continuance along such a path means the degradation of our industrial classes, the overthrow of democratic government and the enthronement of an oligarchy of wealth. The courts have undertaken to restrain the liberties of our people, have passed beyond their legitimate functions and have undertaken to run the government in the interest of the few, ignoring the rights of the many, but the time will surely come when the people will assert their paramount authority, restrain the courts that have undertaken to restrain their liberties, and make it known that the only authority the courts possess is derived from the people, and that such authority is conferred for the protection of our whole people, not the protection of the few and the oppression of the many.

ORGANIZED LABOR'S CRISIS—A SUPREME DANGER AND SUPREME OPPORTUNITY.

[August 28th, 1897.]

A CRISIS in the coal strike, aye more, in the very life of organized labor, is at hand. The ability of the labor unions to defend their members from aggressions, to conserve the rights and interests of labor, to resist encroachments on the liberties of our people, to successfully battle with the oligarchy of wealth that seeks to enslave our people, is about to be put to a supreme test. That organized labor has the power to make successful resistance to such encroachments and attempted usurpations of the liberties of our people cannot be doubted; it is the ability of the leaders of organized labor to direct that power that is on trial.

If the leaders of organized labor fail, if they show their inability to cope with the aggressions of centralized capital on the rights of labor, if they cannot direct the power of organized labor so as to constrain the courts to cease to serve the few commanding wealth in their aggressions upon the many, and recognize that labor has rights as well as capital, such leaders will find themselves without followers, and our wage-earning classes, unless they are ready to bow down to the slavery of poverty, must undertake the building up of an organization anew.

Stirred by the active participation of the courts on the side of the coal operators, by encroachments on the rights of labor that threaten not only the liberties of the miners, but the liberties of all our people, the

members of the Executive Board of the United Mine Workers have issued a call for a national convention of labor leaders, and others who condemn the attitude taken by the courts in the coal strike and are alarmed at the manifest encroachments on the liberties of our people, to meet in St. Louis on Monday next—a convention that, it is hoped, will make the cause of the coal strikers the cause of all wage-earners, declare that an injury done to a coal striker, an encroachment upon his rights, is an injury done to all wage-earners, an encroachment on the rights of all, and must be resisted as such. This call has been endorsed by Gompers, as President of the American Federation of Labor, and by Sovereign, General Master Workman of the Knights of Labor.

With the calling of this convention the struggle of labor with the powers of centralized capital, backed by the courts, enters upon a new phase. But the struggle must enter upon yet another phase; resort must be had to yet a new weapon with which to make defense against the aggressions of centralized capital on the rights of labor and the liberties of our people before that defense can be made with success. It would be an impressive thing to make the cause of the coal strikers the cause of all wage-earners, a thrilling spectacle for organized labor to make the struggle of the miners their own, but yet a saddening one, if that struggle should not be directed so as to bring success.

It is well to protest against the injunctions issued by our courts restraining striking miners and their chosen leaders from striving to secure the co-operation of the working miners, a co-operation indispensable to push the strike to a success. But for the convention now called to meet in St. Louis to assemble and make mere protest would be idle. Let the convention protest against the action of our courts in

infringing on the indefeasible rights of our people, in usurping authority vested in the legislative and executive branches of the government, but let that protest be followed up by the taking of positive action that will constrain men to heed the protest. Otherwise the protest will be ineffectual. It is idle to make demands if we do not stand ready to enforce those demands, and so all protests against encroachments on the liberties of our people will be futile if positive steps are not taken to check those encroachments.

The St. Louis convention has the opportunity to take those steps, and make its work effective. Those steps lie in the direction of organization for political action. The strong arm of government has been diverted from its true purpose of securing justice and equity and made to serve those who are encroaching upon the rights of our producing classes, made to protect the few who are enriching themselves by despoiling the many of the fruits of their toil. It is to protest against this that the St. Louis convention has been called. It has further been called "to formulate plans to compel a return to the principles of free government and to put said plans into operation."

Now, what are these plans to be? The infringements on the liberties of our people, on the rights of labor, are made through the strong arm of the law directed in the interest of the growing oligarchy of wealth. Our producing classes to protect themselves from such encroachments, must then take control of that strong arm of government now used for their oppression and direct it for their own protection. Resistance to the encroachments of those who are building up an oligarchy of wealth upon the poverty of our producing classes can be successfully made in no other way.

The duty of organized labor is therefore clear. It

is organization for common political action, an organization that will enable our wealth producers to put to one side, put out of office and of power the judges who use the power entrusted to them, not for the dispensation of justice, the protection of the weak from the aggressions of the strong, but for the protection of the few who strive to gather wealth by preying upon the many who endeavor to accumulate wealth by honest toil. But to effect this cleansing of the judiciary, the start must be made at the top. Many of our judges are appointed by the executive, even those that are nominally elective being, in many instances, virtually appointive, for they are chosen for long terms of office, and when dying in the midst of the terms for which elected their successors are chosen by appointment.

So, if our wage-earners, suffering from injustice on the part of the courts, would clear the bench of judges who have become subservient to those with wealth, and dispense injustice in the name of justice in the interest of the few striving to aggrandize themselves by grinding down the wage-earning population to poverty, such wage-earners must begin at the bottom by organizing to elect executive officers, from the President of the nation down, who will direct the strong arm of the law for the protection of all those who strive to accumulate wealth by legitimate industry, and so as to foil all those seeking to build up great fortunes by wrecking many little ones and grinding labor down to the slavery of poverty. The election of such men can alone secure the appointment of judges recognizing that labor has rights as sacred as the rights of capital. Moreover, it is only by electing such men to office that we can hope to hold our judges accountable for their doings, and call them down when encroaching on the liberties of our people, for only

such men can be relied upon to take offense at usurpations on the part of our judges, and use their influence to have impeachment proceedings brought against them when untrue to their trust.

The hope of our wage-earning classes, oppressed by court injustice, lies then in organizing for political action, and political action that will aim at the top, for if government is directed in the interest of the wealthy and powerful at the top, it will not be directed for the protection of the weak at the bottom. If we pass laws calculated to foster the growth of monopolies and enrich creditors at the expense of debtors, if we pass no laws to check the growth of the cliques building up riches by wrecking the enterprises of independent producers who strive to prosper without preying on their neighbors, and if we execute such laws as we have, so as to make them doubly in the interest of the mighty and doubly unjust, we can but expect to have the courts interpret those laws so as to make them more unjust and assume the right to direct their execution in a way so as to make them trebly in the interest of the powerful and trebly unjust to all those who, not willing to sell their souls for gain, are outside the clique-ridden enterprises.

Therefore, we say organized labor must organize for common political action in order to conserve the interests of those in its ranks, protect them against encroachments of the judiciary, and defend the liberties of our people. And the opportunity lies before the St. Louis convention, called for Monday next, to formulate plans to this end. If it does not seize the opportunity it will fail to accomplish the purpose of its calling. The labor unions have long striven to keep clear of politics. But it is through politics that others direct the strong arm of the law for their oppression, and it is through political action that they must

defend themselves from such aggressions. Control of the government is the means used by the oligarchy of wealth for their oppression; it is through control of the government that the moneyed oligarchy has been built up, while the producing classes have been ground down to poverty; it is by control of the government that the many oppressed by that oligarchy must defend themselves. Therefore, it will not do for organized labor to keep out of politics, for by so doing is to make no use of the only weapon that can be effectively used for defense against the strongest weapon used by the oligarchy of wealth for their oppression, namely, the strong arm of the law.

To organize labor for common political action for common defense, is indeed not the work of a single convention. But the plans for that organization, the initial steps, must somewhere be laid, and the St. Louis convention cannot do better than to undertake this task. It will be impotent for good if it does not. To effect such organization is, indeed, no light undertaking, but it can be done and it must be done if the encroachments of oligarchy, through the strong arm of the law, are to be successfully resisted. To effect such organization will take work, untiring work. It will take a sacrifice of property and the material comforts of life, a contribution of money by those who have accumulated property, a contribution of time, which is the same thing as money, by those who have no property to give. But if the Republic is worthy of saving, such contributions will be forthcoming, such sacrifices cheerfully made. If men are not ready to make such sacrifices in defense of their liberties they are unworthy of liberty, and enslavement to an oligarchy of wealth will be their just reward.

Through the weapon of a strike organized labor can at best secure but one thing: a fair division of the sum

realized by the employer of labor upon the sale of the product and available for the payment of wages and profits, a fair division between the reward of employer as profits and wage-earner as wages. And under fiscal and transportation systems that lead up to industrial stagnation, organized labor, through the weapon of the strike, cannot secure even this, for when there are more workmen than jobs the task of forcing up wages, by a strike, that is of forcing employers to pay higher wages by making an artificial scarcity of labor, is well-nigh impossible.

And finally, under a fiscal system that makes money dear and condemns the employer of labor to give a greater portion of the total wealth produced by the labor he employs and directs to the creditor classes, and under a transportation system that exacts from him a tribute in the interest of the clique-ridden enterprises, the share of the wage-earner in the wealth produced must be a continually decreasing one, for as the share taken by the creditor classes and speculative cliques is increased, just to that degree must the share remaining to be divided as profits and wages be diminished. The brunt of the resulting loss may fall at first on the employer, but the time will come when profits are wiped out and then wages must be reduced, for employers, under such conditions, must cut wages. To continue production without cutting wages would mean bankruptcy, and so the final alternative for the wage-earner is either acceptance of a cut in wages, so as to enable employers to continue production, or idleness.

Of course there is a certain margin of earnings that must be wiped out before employers will stop production and shut down their plants, and this margin exceeds the margin of profits, for certain charges, interest on plant, taxes and insurance, etc., run on whether

the plant is running or not. Besides, there is depreciation in the value of idle property to be considered, and the fear that a shut down will result in the loss of trade, that it is hoped will be profitable at some future time, is, of course, a certain incentive for employers to keep plants in operation, even at a loss. Then, too, a shutting down of a plant often involves extra expenses that can ill be spared, and a shut down shuts off facilities of borrowing money. So employers will often continue to run their plants, though the running is equivalent to running into bankruptcy. They do so hoping for a turn in the tide.

But in the long run shut downs will come when the margin of earnings is wiped out, and sooner or later the alternative must be met by the wage-earner; a cut in wages to reduce the cost of production and increase the margin of earnings, or idleness. Besides, when industry holds out no promise of profits all extensions are checked, and so no new opportunities of work are opened to wage-earners. Consequently, as population grows the men who cannot find jobs must increase, this makes increasing competition among wage-earners for work, and this creates the idle army that is ever the *bête noir* of organized labor, for it is in this idle army that employers of labor find the means of crushing strikes by drawing upon it for men to fill the places of strikers.

From a fall in wages brought about by such conditions, namely, an appreciating dollar, an increased share of the creditor classes in the wealth produced, a diminished share left over for employer and employee, loss of profits and curtailed production, the strike is no effective weapon. It cannot defeat the aggressions of oligarchy made through the agency of an appreciating dollar.

It is equally impossible to resist the encroach-

ments of this oligarchy by the weapon of the strike when such encroachments are made through the agency of our railroads and discrimination in transportation charges. So long as the speculative cliques control our railroads, it will be impossible to prevent such cliques from aggrandizing themselves by preying upon the savings of independent producers and grinding down wages. While our railroads give lower transportation rates and prompter and better facilities to clique-ridden enterprises and monopolies than they do to independent producers, such independent producers cannot prosper and their enterprises will be wrecked. Under such conditions the speculative cliques will grow richer, for they will have the opportunity of securing the properties and accumulations of independent producers for a song and then instilling new life into those properties by bleeding the railroads. And these conditions will last just so long as our railroads are directed by speculative cliques who systematically use the railroads to wreck industries upon which they seek to prey, and then turn round and wreck the railroads to build up the industries that in the hands of independent producers they made unprofitable.

Moreover, the wrecking of independent producers by discriminations in transportation rates is not only a blow to those producers. Such wrecking is a blow to wage-earners, for it builds up monopolies and centralizes industries, and just as monopolies grow and the opportunities for employment become more and more restricted to such opportunities as are offered by the monopolies and clique-ridden enterprises, the power of the wage-earner to command wages grows less and less, and his necessity of accepting such wages as are offered by the clique enterprises grows with his dependence upon them. So the power of the employer over the wage-earner grows and the power of the wage-

earner over the disposal of his own labor diminishes. Besides, the centralization of wealth weakens the power of the wage-earner to make successful resistance to aggressions.

So it is that organized labor, so long as it ties itself down to the weapon of the strike, cannot make successful resistance to the encroachments of oligarchy when such encroachments are made through the agency of an appreciating dollar or a clique-ridden transportation system. And it is by these two means that the oligarchy of wealth aggrandizes itself with such alarming rapidity. Therefore, if organized labor would make successful resistance to these encroachments, if it would preserve labor from despoilment at the hands of the powerful, it must make use of that weapon so successfully used by that oligarchy for oppression, namely, the strong arm of the law; it must no longer tolerate the direction of that arm in the interest of the few and for the oppression of the many; it must direct that arm so as to overthrow the system of an appreciating dollar which robs debtors in the name of honesty, and the clique-ridden transportation system which frowns down legitimate industry and rears up monopoly.

And this overthrow can only be accomplished through political action. Let the St. Louis convention take the steps to this end. Let us hope that the encroachments of the judiciary on the rights of labor will not only impel organized labor to make common protest, but to back up that protest by organizing for political action. It is the only way to fight injunctions, the only way to fight aggressions on labor made through the agency of the appreciating dollar, the only way to fight those who use the railroads to prey upon labor and who are protected in their encroach-

ments by the strong arm of the law, strong though it be used for injustice.

Will organized labor rise to the occasion or will it fail? Will it take that political action that will enable it to resist the encroachments of the oligarchy of wealth or will it spurn to make use of that only weapon which can be made effective, and thus render itself impotent to repel those encroachments? The danger that confronts organized labor is great, but so is the opportunity. Failure to organize so as to use the ballot for defense against aggressions will render it impotent, organization for common political action will render it irresistible.

PLUTOCRACY VS. THE PEOPLE.

[October 29th, 1898.]

IN Philadelphia there is a club called "The Manufacturers," and a weekly paper published by and taking the name of this club. Not a great while ago this club exerted itself mightily in defense of the protective tariff system, its influence was great and much heed was given to the wishes of its members in the framing of protective tariff legislation. And as the organ of this club, and ably expounding the doctrine of protection, "The Manufacturer" had an influence much broader than its somewhat narrow clientele.

But with the industrial depression of the past few years, with the impoverishment of our agricultural population, the consequent diminished demand for manufactured goods, the stagnation, the paring down of prices, the inability to find a home market capable of absorbing that which the mills and factories were prepared to produce, the manufacturers have reached out for foreign markets. A domestic trade having been destroyed they bent their energies to build up an export trade. And so it is that the demand that the home markets be preserved to American manufacturers has been overshadowed by the demand that foreign markets for our manufactures be extended. How much better it would have been to exert their energies to restore the home market, to broaden out what had been narrowed, to regain that which had been lost than to have reached out for foreign markets, for a trade not one tithe as great, even if we could capture

it all, as the home trade, markets that we had lost, these manufacturers did not stop to consider. A home trade had been lost, and for an export trade they reached out. They failed to grasp the situation, to see that their welfare was bound up with that of our agricultural population, that they could not prosper while our farmers and planters, their best customers, were impoverished. And not seeing this, and not devoting themselves to remedying the evil of the situation, they have not prospered. That they have not prospered is not remarkable, that they have not recognized the seat of their trouble is. It speaks not highly of their intelligence.

But be this as it may, they had reached out for foreign trade more and more, and so reaching out they have lost interest in the maintenance of the protective tariff system, for such system is of no assistance to them in seeking foreign markets and no tariff system can be unless used as a fulcrum from which to force reciprocal trade arrangements, that is, discrimination in the tariff rates of other countries in favor of our goods in return for like discrimination made by us in favor of those countries giving us a preference by permitting entrance of goods imported from the United States at reduced tariff rates. But in the absence of such discrimination our manufacturers must sell in foreign markets in open competition with the producers of all the world. From such competition no tariff rates that we may impose on imports can protect them, unless, we repeat, it be through the indirect agency of forcing reciprocal trade arrangements whereby some other nations may impose their tariff duties so as to discriminate in favor of our goods. In other words, by offering to permit the importation of sugar free of duty from such countries as would so impose their tariff duties as to give a preference to

110714

American goods we might tempt Cuba, when she is free and independent, to place higher duties on goods imported from Europe than on goods from America, or again by placing a duty on importations of coffee from all countries that would not grant us tariff favors we might induce Brazil to discriminate in favor of American goods. This would be simply saying we will give you a market for sugar and coffee, but only on condition that you make us a market for manufactured goods.

But tariff duties so imposed could not be regarded as protective duties in the sense of preserving the home markets. Indeed, they would be imposed with an entirely different purpose than have our protective tariff duties in the past and at present, duties imposed to protect our manufacturers from foreign competition in the home markets. And so have manufacturers, reaching out for foreign trade, lost interest in the maintenance of the protective tariff system. Selling in foreign markets, and markets in which our tariff system extends to them no protection, they have of necessity to offer their goods at prices fixed in open competition with the manufacturers of all the world. They cannot ask higher prices than their competitors do. They must sell at prices at which British and Germans are willing to sell or be shut out of the foreign markets. To build up our export trade they must meet the British and German prices. And producing more than our own people in their present condition can consume, the surplus must be sold at British and German prices. And this means, save where there is monopoly and no domestic competition, that prices for that part of the produce sold in our own markets will be forced down to the same level. This, under conditions of domestic competition, is an inexorable law of economics, for manufacturers will not export their pro-

Monopoly

duce if they can realize better prices by putting it upon our home markets. It is only when prices in our home markets are so depressed that better returns can be realized by sending to foreign markets that there will be inducement to export. And prices have been so depressed in our own markets for the reason that the demand has been so curtailed that the supply has, though also curtailed, outrun it. The resulting pressure upon the markets, a pressure increased not because of greater offerings of goods, but because the takings have been smaller, has of course forced down prices until relief has been found in exporting the surplus, a relief that can only be found at prices fixed in free competition with all the world.

And so it is that protective tariff duties have ceased to protect our manufacturers from foreign competition, and ceasing to be of benefit our manufacturers have ceased to have such a lively interest in their maintenance. Of the protective system they have ceased to be determined supporters, they merely give adhesion in a general way out of respect to past memories and prejudices so difficult to shake off. But the live interest in the tariff is no more.

So it is that reaching out for foreign trade they have come to lose sight of the general community of interests that they once taught with so much effect, they have come to have less regard for the welfare of others, to reason in the narrow lines of selfishness. In place of caring for the well-being and happiness of their workers they come to look upon the grinding down of those workers as a means to their enrichment, to look upon the interests of their workers not as identical to their own but as inimical.

This has come with the reaching out for an export trade. In dreaming of that trade they have ceased to regard their workmen as consumers, lost sight of the

fact that our own laboring and farming population makes the most reliable market for manufactured goods, that in the prosperity of that population, remunerative prices for agricultural products and high wages, is to be found the true basis of prosperity for manufacturers.

Impoverish the laboring and farming population, and you undermine the market for manufactured goods, grind down the workman and you injure the employer. This is the true rule. But our manufacturers, though they once expounded it, have forgotten it. Those of them carried away by unrealizable dreams of an export trade have come to see in the grinding down of the workman, the driving down of the price for coal and iron ore, for cotton and for wool, the means of swelling their own profits.

Such grinding down, such cheapening, must undermine the purchasing power of their best customers, and thus must injure them, but this, casting their thoughts upon an export trade, they overlook. They come to reason, simply, as the factory lords of Britain have long done, that such grinding must cheapen the cost of production, must enable them to extend their export trade and so swell their profits. They forget that such grinding must narrow their many times more valuable home trade, they forget that an export trade cannot be built up without an import trade, that if we impoverish our people and so curtail their purchasing power the building up of such import trade must be hindered, and that, as a consequence, an export trade cannot be developed as they dream, cannot be developed upon the grinding down, the impoverishing, of our people. And, forgetting this, believing they can swell their profits by grinding down those who toil with their hands, their sympathy for the

downtrodden and oppressed is dulled, for the greed for gain steels the heart.

Thus do we see manufacturers whose true interests should lead them to align themselves with the people taking sides with the plutocracy, applauding those who trample upon labor, denouncing those who take labor's side, speaking of the worker as of an inferior being, born into the world to be the hewer of wood and drawer of water for the few, acting as if it was the right of employer to cuff and beat the worker with impunity. So it is natural that we should find the aforesaid "Manufacturer," mouthpiece of the Manufacturers' Club, but misrepresenting the sentiments of the majority of manufacturers and employers of labor we sincerely hope, bitterly criticizing Governor Tanner for the stand he has taken in the troubles between coal operators and miners at Virden, Ill. Of the equities of the Governor's position we have nothing to say here. It is to the challenge of plutocracy as voiced in "The Manufacturer" that we desire to direct attention, the question of whether plutocrats or people shall rule. And by plutocrat we mean nothing vulgarly offensive, we mean one whose influence is a money given influence, who holds money dearer than man, who rules by the use of money, who shrinks not from the corruption of voter and legislator to gain his end, who seeks to exalt and enrich self by trampling upon the welfare of the many and hence is an enemy of mankind.

Referring to Governor Tanner and his course in regard to the Virden troubles, "The Manufacturer" thus throws down the challenge:

"It is unfortunate in the extreme that there is no way to get at a revolutionist and an ignorant anti-Federalist of this type. If the disturbances should continue and the Governor should persist in his course,


it would be the manifest duty of President McKinley to follow the example of his predecessor in respect to Tanner's predecessor. There are few incidents fuller of gloomy forebodings for social order than these anarchistic outbreaks among Governors and other officials who get into power somehow and do more to spread the seeds of socialism than all the books that ever were written on the subject. The dissemination of such doctrine among the working classes and the exhibition of public sympathy for violence on the part of strikers and other assailants on wealth and property, lead us to wonder whether the time is not coming in the not very distant future when we will have to take sides in our politics as they do in Europe for and against this social revolution. We want none of this Continental socialism here on this new continent, and public sentiment in all parts of the country to-day is overwhelmingly against such economic heresies whenever they appear in tangible form and the press and people can get sight of them to scotch their ugly heads."

Thus is the time anticipated when the lines will be drawn between plutocracy on the one side and people on the other. The virulence evinced towards and the contempt expressed for the believers in the need of such a social revolution as will overthrow the rule of plutocracy and re-enthron the people as their own rulers, is unworthy of comment. To be denounced as abetting this revolution, to receive the abuse of plutocracy, is to be honored. Such denunciation from the enemies of progress, of civilization, of the uplifting of mankind, but shows one to be deserving of the encomiums of the multitude. That the time is not far distant when the people of this country will be called upon to take sides in our politics for or against

such social revolution as can alone free our people from the domination of plutocracy we firmly believe. The only difference between such social revolution here and in Europe is, we hope, that here so many will take sides for such revolution, so few against, that the plutocracy will be powerless to resist, that its overthrow will be signal and the upbuilding of true democracy, with the people once again enthroned, be as rapid as it shall be firm.

Such articles as that of "The Manufacturer" but serve to unmask plutocracy. And with plutocracy unmasked who can doubt what side the masses of our people will take? As the film of misrepresentation which has kept them silent and submissive while the plutocracy has been built up, as this film that has caused them to divide their efforts and spend their energies in support of the two old and battling parties, but both serving the interests of plutocracy, regardless of the welfare of the multitude, drops from their eyes they will break away from their old parties and align themselves against plutocracy, for the social revolution that will restore to them their rights and liberties. Then there will be a realignment of parties, the plutocrats on one side, the people on the other, the party of Plutocracy against the party of Populism. And can the issue be doubtful?

Men are prone to cringe before the very mention of revolution. But what is revolution? It is revolt against oppression, the overthrow and destruction of those things that hold men down, it is progress, it is advancement, it is movement for the uplifting of mankind that necessitates the overthrow of those who profit from injustice, who have reared themselves above their fellows by preying on their fellow-men. A people cannot stand still in the face of injustice and exactions and grow. If it does stand still those who



practice such injustices, who profit from such exactions will grow richer and stronger, they will extend their exactions, injustice will grow more pronounced, the people poorer and weaker and more oppressed and national decay and degeneracy will set in. And so where a plutocracy has been built up upon injustice perpetrated in the name of law, upon exactions made in the name of might, such plutocracy must be destroyed, or the state, a prey to such plutocracy, existing for its profit and not that of the people, degenerate and decay.

If this overturning is by degrees, or if a people alive to their interests and jealous of their rights resist encroachments as soon as attempted, so prevent injustice and exactions from growing and thus keep open the paths to their advancement and progress, we call this progress taking place so smoothly and steadily evolutionary. But if a people careless of their rights permit injustices to grow and take deep root, and then, when such injustices can be borne no longer, arise to overthrow them the overthrow is sharp, results in a marked change in the relations between the oppressed and oppressors and we call the change revolutionary. Thus the difference between evolution and revolution is but one of degree. Both mean progress, one progress so gradually made as to be unconsciously accomplished, the other so rapid and marked that the movers in the rapidly changing scenes are most conscious of the overturn and the advancement attracts the attention of mankind.

And now it happens that our people have suffered injustices and exactions until a powerful plutocracy has been built up, the overthrow of which will cost much effort. But overthrown it must be or it will complete the overthrow of our Republic. So we are brought face to face with social revolution, which

means nothing more nor less than a rapid undoing of the injustices and inequalities and wrongs of the past generation upon which the plutocracy that undermines our institutions and saps the vitality of our people, has been built up. It is a question of social revolution or degeneracy. As our President recently said: "The nation must grow or it will decay." And it cannot grow if the rights of man to an equality of opportunity in the production of wealth are denied, if a favored few are permitted, through the toleration of private monopolies, to levy exactions upon the multitude.

So if there is to come growth there must come the social revolution that will restore an equality of opportunity to all men, that will destroy private monopoly. And this means that the government that has snapped the whip over the owners of property in the interest of the owners of money and driven the owners of property to surrender the fruits of their labor to the owners of debts by making the dollar in which such debts are payable worth more and measure more property, must regulate the volume and value of money so that the interests of all those who make contracts in terms of money shall be safeguarded, so that owners of property and owners of money, debtors and creditors shall stand upon the same footing. And as the government cannot control the volume of gold and silver money so as to thus regulate its value, it is incumbent upon the nation to issue a paper currency the volume of which it can regulate.

The social revolution impending means the establishment of such a currency. It means this, and it means the destruction of such monopolies as can be destroyed and the taking of such as cannot out of private hands and putting them under government management so that they may be operated for the profit

of the whole people and not solely for the aggrandizement of the favored few.

As we have had occasion to point out, there are artificial and there are natural monopolies, monopolies built up upon special privileges such as freight discriminations, special privileges that we can undo and thereby destroy the monopolies built upon them; and monopolies built upon natural conditions, and that we cannot destroy. And in such latter cases the government must become the monopolist, for in no other way can an equality of opportunity be restored to our people. Thus the railroad must be, from its very nature, more or less of a monopoly freed from the restraints of competition. Even were all our different lines of railroad independent and competitive there would be, and under any conceivable conditions must continue to be, many communities dependent entirely upon one railroad which so far as that locality is concerned has a monopoly. And even the communities served by many lines of railroad are not free from such monopoly, for they trade with the communities served by only one, and to reach those communities they are dependent upon the railroads that serve them and monopolize trade in such communities.

We are mindful of the assertion that the railroad having such monopoly is restrained from abusing it by the knowledge that such abuse would cause the shifting of industries to other localities, and thereby undermine the business of the road and do it injury. And this is all very true, but the dismal truth is that the railroad managers care more for the interests of the cliques to whom they generally owe their preferment than they do for the interests of the stockholders. And these cliques, making a business of preying upon their fellow-men, causing wrecks that they may fatten upon them, find great profit in using the railroads to

destroy industries in one locality and build them up in another, and then when they have transferred their investments, sold out their interests in the boomed industries of the favored locality and bought up the wrecks in the other, in using the railroads to reverse conditions. Moreover, the railroads are not freely competitive. Controlled largely by the same speculative cliques, they give preferences, despite the interdiction of the Interstate Commerce law, to those enterprises in whose success the cliques are interested.

So do the railroads give great advantages to some enterprises such as confer upon them a virtual monopoly of business, and it is upon such preferences that the majority of our industrial trusts have been reared. Thus do our railroads work for the upbuilding of the rich and powerful; to the weak and struggling they refuse to offer equal opportunities; they have a monopoly, and this monopoly they abuse. And so in the name of the restoration of equal rights to our people the nationalization of our railroads is demanded.

Such nationalization accomplished and an equality of rates restored, many monopolies now built upon inequality and levying exactions upon the public will collapse. But some monopolies will not topple, for they rest on the ownership of all the sources of production; in other words, are monopolies based upon nature. And such monopolies the state cannot destroy, it must assume. That is the rule that equality demands, that we should follow. Where monopoly exists, sapping the vitals of industry, it must be destroyed or the government must become the monopolist. Again, there are enterprises that can be better and more economically carried on under one head than many, enterprises that are national in their scope, and to nationalize such enterprises and put them un-

der one head is to the interest of the public. What such enterprises are it is for the people to decide. That they be given opportunity to decide is their right.

So we see what the social revolution railed at by "The Manufacturer," railed at by the profitters from special privileges, means. It means that the plutocracy be overthrown, that the promise of life, liberty and the pursuit of happiness, promise given at the birth of our nation, may be realized. Liberty is one of the inalienable rights of man, but liberty is not license to trample upon the rights of others, to despoil others of the fruits of their labor. It means that every man has an inalienable right to engage in what trade he sees fit, to act as he sees fit, so long as he does not trespass upon the rights of others, so long as he does not conduct himself in a way to the detriment of his country or his neighbors. And again is pursuit of happiness, the right to which is an inalienable one, dependent upon an equality of opportunity and exemption from all exactions at the hands of monopoly.

The founders of our Republic promised to themselves and their posterity the realization of these inalienable rights. But we, their posterity, have not looked after them with the care that we should. As a result such rights have been trampled upon. For the money-powerful liberty has become license to trespass upon the poor, to deprive them of their rights, deprive them of the right to engage in such trades as they see fit. And so are the many denied the right to pursuit of happiness, for in the realms of industry there is a reign not of equality but of inequality of opportunities.

Thus we are brought to the necessity of battling not merely to maintain but regain the rights upon which our Republic is reared. For many years have the old parties divided the strength of our people that should

have been exerted to turn back the encroachments of plutocracy, for many years have both old parties been drifting towards this same plutocracy. And now with this plutocracy firmly rooted our people awaken. A realignment of parties must inevitably follow. We have seen how the manufacturers, in seeking after foreign markets, have drifted away from protection and a body of them thrown in their lot with the plutocracy. We have seen the mask thrown off plutocracy, and the plutocrats, asserting their right to rule, throwing down the gauntlet to those who may deny.

Thus is the challenge offered, thus the lines are being drawn. Such challenge we must take up or suffer the trampling out of democratic government in the North American continent, acknowledge the failure of the greatest attempt ever made to establish a government of, by and for the people.

The lines of battle are being drawn for 1900, not upon the issue of free trade or protection, nor the question of bimetallic or gold standard, but upon the true issue: That of plutocracy vs. the people.

Let then all men worthy of the name American, gird on their armor for the coming battle, on the issue of which hangs the fate of democratic government. Shall it be social revolution or decay, rule by the people or plutocracy? We have faith in the American people under the thumb of plutocracy as they are.

THE LABORER AND HIS HIRE.

[September 2d, 1898.]

WE wish it here to be understood that we use the term laborer in no narrow sense, but so as to include all those who, by their labor, directly or indirectly, by the exercise of brain power no less than muscle, contribute to the production of wealth. The unskilled laborer, the trained and alert mechanic whose productive power has been multiplied perhaps several fold by his training and practice, the successful employer with the rarer ability of organizing industry, ordering the distribution and marketing of products, directing labor so as to make it more productive—all these we classify as laborers, for all alike labor in the production of wealth. And to the greater or lesser degree that each by his labor contributes to the production of wealth is each entitled to remuneration, for to each laborer rightfully belong the fruits of his toil.

The laborer is worthy of his hire and the worthiness of each is measured by the productiveness of his labor. And in justice rates of wages, or wages and profits, for it is as profits that the employer draws his wage, ought to conform to this measure, and if they did not one would have just cause to complain of any inequitable distribution of the fruits of labor, no reason to grudge the successful employer his larger share in the wealth produced, even though that share were many fold greater than the share of any unskilled laborer, an humbler partner in the production of wealth. Rather would the larger share going to such employer

but serve to stimulate ambition in the more humble laborer for himself or children, incite him to make effort to fit himself or fit his children to rise in the scale, make their labor contribute in increasing ratio to the wealth produced and so emulate such employer. And in years gone by our people gathered such inspiration from the successes of their fellows. They saw the chance of raising themselves as others had before and were, of reaching the successes that others had sought and reached. And so they strove in healthful emulation with one another, inspired not with envy of their more successful fellows and the desire to pull such down, but with the hope of putting themselves on an equality with such by lifting themselves up. But with opportunities to rise as others have risen cut off, discontent is bred and rightfully bred.

THE RIGHT TO EQUAL OPPORTUNITIES.

Men have not equal capabilities, all are not equally able, energetic and progressive, some develop or acquire qualities that especially fit them to organize industry, and by such organization contribute many fold more to the production of wealth than any of their fellow-laborers working under their captaincy, and so earn and draw greater rewards, but all men are of right entitled to equal opportunities to develop their abilities, of right entitled to equal opportunities of education and training such as, if seized, will enable them to rise. And such opportunities have all men the right to demand of the community for their children. Because parents have not risen, because equal opportunities to which they were rightfully entitled, opportunities of education and training and preparation for intelligent toil and effort have been denied to them, or because they have failed to make use of those opportunities, is no reason that their children should

be denied opportunities of fitting themselves for toil and lifting themselves in the scale of labor such as are open to the children of those who have prospered. These opportunities it is the duty of the community, a community that teaches the equality of man, to accord.

EDUCATION AND A FAIR START.

If the children of the less successful fail to rise with equal opportunities accorded to them the community is not to blame, but the community is in duty bound to accord to the children of the less successful such opportunities for developing their abilities that if they show extraordinary ability they may take rank with the most successful and reap the rewards of such. This duty we now to a degree recognize in our public school system, but our whole duty in this direction will not have been fulfilled until we not only offer higher education to all who in the lower schools so avail of their opportunities as to show themselves worthy of it, but until we make it possible for such to spare the time to acquire it. And this many cannot now do for want of means, because of the inability of parents to support them while acquiring such education, because of the necessity of going at once to work and earning a livelihood even though illy prepared, and destined therefore to go through life under a handicap that may often suffice to close to them opportunities that otherwise they might seize.

We must then either stand prepared to give assistance to those to whom opportunities of acquiring education are closed by poverty, which means that we must extend like assistance to all, whether in need or not, unless we would create distinctions that would be more or less degrading, or we must better the lot of the humbler walks of our laboring population so

that there will be need of none binding their children to work ere they have outgrown childhood, and while yet they are wanting that full education and training that will best prepare them for battling with the world, harnessing nature's **forces**, making their labor more productive, raising the remuneration of their toil. And this latter we can do by simply rendering justice, seeing that all may have the opportunity to labor and all secure the fruits thereof. Of course, in cases where death or illness deprives a growing family of its bread winner the stern necessity might even then be presented to the older children of going to work regardless of any ill preparation. But in such case the assistance of the community could be given without degrading, given not as a condescension, but as a right, and as such it ought to be given.

The people of this western world of ours have so far progressed in productive power that none should suffer from want, none be so poor as to be obliged to put minors to work without that preparation conducive to the leading of most successful and happy lives. Nor would there be any if the wealth produced were justly distributed. On the contrary, opportunities for the development of faculties and capabilities would be offered to our children such as are now closed to many, abilities would be discovered, and developed and put to use that now are destined to lie latent and be lost to the world, there would be such progress, such reading of nature's laws and harnessing of her willing forces as the world has never seen, nor even dreamed of.

DISMAL DOCTRINES—THE "LIVING WAGE."

But here we are met with the objection that the hire of labor cannot be increased, and an old law of despair, child of the teachers of the dismal science, is dragged forth to prove that it cannot, that we have

got to put up with evil, that there is no escape, that an inexorable and insurmountable law of nature stands in the way—just as if nature's laws, laws of God's making, were ever laws of degradation and injustice and despair; just as if obeyed they ever lead us anywhere but over paths of progress, hope and love. However, we are told that the unskilled workman now gets a living wage, and that he can never expect anything more. Raise the rate of wages, raise the ability of the poor laborer to raise a larger brood of children, of future workers, and as surely as the sun rises and sets he will do so, with the inevitable result that finally the labor market will become overstocked again and wages driven down to a mere living basis. Thus it is that we have presented to us the old bestial law of Malthus, and in its name asked to suspend, as useless, all efforts to better the lot of the laboring population. An acceptable doctrine was this to the first factory lords of Britain who, with heartless disregard for the welfare of their workers, through the employment of women and children long hours, and in the foulest of rooms, amidst the most unsanitary of surroundings, and through the grinding down of wages had built large fortunes and were too glad to embrace it as relieving them of all responsibility for the distress they had wrought. A conscience easing doctrine it was indeed to those who profited from grinding down the weak. Only too glad were they to accept this cloak and throw it in the eyes of whomsoever reproached them for lifting no hand to lighten the lot of their toiling brothers. They made answer, and we doubt not came to believe that it was well founded: "Ah ! only too glad would we be to help them, but we cannot, it is quite beyond our power. For to raise the rate of wages would but end in making more hands to work, more mouths to feed, and there being no work for

such hands, more distress"—just as if those hands could not produce more wealth, if given the opportunity, than the mouths and backs of those hands would consume.

DEDUCTIONS FROM THE LAWS OF EVOLUTION—FALSE
AND TRUE.

And finally we are told that this dismal law is one of the laws of evolution, just as if the laws of evolution were laws leading to degradation and not progress. But it is rejoined that this law is one of progress, that it is but a part and parcel of the law of the survival of the fittest, that by the dire test of long hours, filthy work rooms, starvation wages, the weak are weeded out while only the strong, those fittest to perpetuate the race survive. But can anyone imagine that the race is bettered and strengthened by such trials and hardships? On the contrary, must not the whole be weakened and degraded? Must not such things finally stamp out ambition and hope, chill the fires of patriotism, weaken a nation, make it a prey to its rivals? And then will we not see the law of the survival of the fittest working as we are taught to believe it does work, as a law of progress, as a just law? Will we not see the nation ruled by the men of money, and with heartless injustice towards the workers succumb as the weakest, and will we not see the nation where justice rules, where there is nearest approach to an equality of opportunity and the weak are not despoiled of the surplus fruits of their toil and left with but a mere living wage, the badge of degradation and slavery—will we not see this nation rise up as the strongest? Of course we will; intuitive faith in an all-just God of love tells us so, and if there be any doubting agnostic, agnostic none the less for being a professing churchman, or even teacher in the pulpit of

some temple of Mammon labeled a Church of Christ, let him look back upon the history of the world, and he will find the proof. If ruling England, alarmed by the threatening growl of the multitude, or stirred by man's inhumanity to man, had not in part abandoned this heartless rule despite her theories, done a meed of justice by her workers, long ere this would she have gone down or come up rejuvenated and disenthralled through the throes of revolution.

THE LABORER'S DUE.

Finally, is not the laborer worthy of his hire? And is the hire of which he is worthy only a bare living? Is it a scant diet of coarse bread and roots eked out perhaps with a ration of poor meat once a week, is it a thatched hut or squalid tenement as an apology for a home and but sufficient clothing to keep the body from freezing? Is it a wage barely sufficient to enable him to bring into the world a brood of children to be bound out to labor, bound out by the necessities of parents, scarce they can toddle and thus keep the labor market supplied—is this all the hire of which the laborer is worthy? We declare it is a base assumption. The hire of which the laborer is worthy can be measured and measured alone by the wealth that he produces. In the proportion that each man contributes by his labor to the production of wealth is he entitled to reward, entitled to share in the wealth produced. Wealth to an amount equal to that produced by his labor is each laborer entitled to receive and enjoy. Or, rather would we say, wealth equal to the amount that each laborer can produce, for opportunity to work, to employ one's energies and abilities in producing wealth should be denied to no man, should be secured to all, for to tolerate a state of society wherein the few, securing a

monopoly of the tools of production, may keep the many from making use of their most valuable if not only source of wealth, their labor, where the many are thus denied opportunities to exert their energies in the production of wealth and that of right are theirs, where they are thus reduced to the necessity of begging for that which belongs to them, the right to labor, and as a consequence the few are in position to levy a tax on the right to labor, demand that the many surrender the surplus fruits of their toil as the price of work, is to permit the strong to trample upon the rights of the weak. And this it is the first duty of a just government to prevent.

GIVEN THE HIRE OF WHICH HE IS WORTHY THERE
WOULD BE NO WANT, NO FEAR OF WANT,
NO LAGGING OF PATRIOTISM.

Such, then, the wealth that each laborer can produce if given—what of right belongs to him and should be secured to him—full opportunity for the exercise of his abilities is the hire of which he is worthy. And the resources of our continent are so great, the progress made in the art and science of extracting wealth from mother earth so marvelous and the wealth producing powers of our people, even the most unskilled, so large, that the humblest of our laborers would have a sufficiency to lift him beyond the fear of want and introduce him to the comforts of modern life if given the hire of which he is worthy. And this hire it is the duty of the nation, if it would be just and would progress, to secure to him. It can do so with little friction if it try and with great benefit to the nation, for then there would be no labor going to waste, then all would be engaged in wealth production, then the humblest laborer would be filled with the inspiration of hope, the inspiration that leads men to throw their

brain as well as their muscle into their work, and it is the work of the brain that brings greatest results and greatest rewards, that increases the productiveness and pay of labor while lightening the toil of the hand. All of which marks progress, incites to further progress and adds to the strength of a nation not only by increasing its wealth, but by laying deeper the foundations of patriotism by giving to all men something worthy of defending. Let the masses of the people once feel that their government ignores their interests and is constituted in the interest of the few, and that government can no longer depend on the patriotism of the people to uphold it, it must depend on a hireling army, for men will not voluntarily make sacrifices to uphold a government that they feel makes no sacrifices for them. They may make sacrifices to uphold such government from fear, but not out of willingness, and when an empire reaches this stage it is standing on its last legs and on very slim foundations, though the glamor of militarism may give to those legs the appearance of great solidity.

EXCUSING OURSELVES BY BLAMING GOD.

But how can the nation secure to the laborer the hire of which he is worthy and so guard against the dangers to an empire of a lagging patriotism? We ask, is the nation impotent to secure justice? We should think not, we know it is not yet in some quarters we get the uncertain answer: Well, no, not exactly impotent, but then you know the hire of the laborer is rigidly fixed by natural laws, and of course there is no use bucking up against such laws. If the laborer does not get all the hire he is entitled to there is no helping it. But since his hire is fixed by natural laws it must be that he is getting all that he ought to, all that he is worthy of. In fact, though the laborer's hire does

often seem insufficient and the laborer is always insisting that it is, we might as well make up our minds that he is getting all the hire of which he is worthy, all that he possibly can get and dismiss the matter as one quite beyond our control, one fixed by natural laws, and one which it is not our business to concern ourselves with. So if the laborer feels aggrieved he might as well give up petitioning his employers and draw up an indictment against the Almighty for imposing such natural laws upon the employers that it is beyond their power to comply with such demands, however just and reasonable they may appear. And nothing coming of such indictment he might as well, without further protest, sink down into a state of hopeless drudgery. For what is the use of fighting against fate?

THE WAGE FUND.

Such is some more of the dismal doctrine of the English economists of the middle century so well serving as a defense of those employers seeking to swell profits by grinding down labor, and that is now raked up on occasions, exploded though it has been these many years. It was reared around the bald assumption that a certain part of the savings, the accumulated capital of a nation was, by force of natural laws, set aside as a fund for the payment of wages and profits, that this fund could only be gradually increased by the addition of new savings, that the size of profits and wages depend on the size of this fund, that the rate of wages was fixed by the size of the part of this fund applicable to wage payments, and the number of wage-earners in the country among whom it must be divided. In short, it was assumed that wages were paid out of a certain portion of the capital of the nation or the so-called wage fund, and that the

rate of wages was rigidly determined by the size of this fund and the number of divisors or workmen.

So there was no use of workmen protesting if their wages were insufficient. They could hope for nothing better save from the slow building up of this fund by the accretion of new accumulations of capital, and even then they would gain nothing if population and the number of hands demanding work and a share of such funds should increase in like ratio. Thus argued some about the futility of strikes. But others, accepting this general theory, took exception here. They declared that the wage fund was also the profit fund, that out of the same fund came both profits and wages. Therefore the workmen could better their lot if they could reduce the profits of their employers, while the employers could only increase their profits by impinging on the wages of the workmen. So the normal relation between employer and workman must be one of conflict, for the only possibility that one has of bettering his own position is at the expense of the other. In short, rising wages must be accompanied with falling profits; rising profits with falling wages.

That such an absurd doctrine should ever have found acceptance seems impossible, yet absolute credence was placed in this theory by the doctrinaire English and American economists as late as twenty-five years ago. It never occurred to its propounders that the amount of water that can be taken from a reservoir depends more upon the rate at which water is pumped in than upon the size of the reservoir, that the rate of wages that can be drawn from the wage fund depends not upon the size of that fund but the rapidity with which the fruits of labor are poured in, that the payment of wages does not lead to any depletion of this fund but rather to its increase, that the greater the wealth that is produced and poured in the

greater the wealth that can be taken out, that hence by working in harmony and increasing the productiveness of labor the rewards of employers and wage-earners may alike be increased, that this is the surest and shortest road to success for both, that their interests do not conflict, that as a matter of fact, and with the exception of those employers who by combination and with the aid of special favors, rebates and discriminations have monopolized the means of production or distribution, their interests run in like lines, profits and wages rising and falling together. In short, wages are not paid out of capital; something else makes up the fund out of which labor is paid and that is labor's own productiveness. We can take water out of a reservoir as fast as we pour it in, take wages out of the wage reservoir as fast as we may pour the fruits of labor in. So the more fruits labor produces and the faster we pour them in the more wages may we draw. Hence it is that the wages of labor are, or rather ought to be, and would be under free and equal conditions, limited only by its own productiveness. And in the creation of these fruits employers and wage-earners are co-laborers; to the extent that each contributes toward the production of these fruits is each entitled to draw recompense. Such is the just law for the regulation of wages, such is the law by which we should abide.

CAPITAL AND INTEREST.

But though wages are not paid out of capital, and though the rate of wages is primarily dependent upon the size of no so-called wage fund, but upon the productiveness of labor, let no one be so foolish as to suppose that accumulated capital does not fill a useful, indeed necessary place in the working of our industrial organism, or that those who have accumulated it and

supply that which is needed to make possible the carrying on of diversified industry are not entitled to some reward for the use of their savings. Indeed, it is necessary that we give some reward, some incentive for the accumulation and embarking of capital in production, or else the embarking of such capital would cease and progress be halted. It by no means follows that the laying by of savings would cease if such savings could not be put out at interest and made to yield return. On the contrary, man's desire of making provision for the future, of laying up a little hoard on which he might fall back should sickness overtake him and incapacitate him from work, and which would give him the comforting assurance that those dear to him and perhaps helpless would not be left in abject want and dependent on the charity of others in the case of his death, would be quite sufficient to lead him to lay by such savings as he could gather. But he would not let others have the use of such savings if they would pay him nothing for such use, though it would be valuable to them and enable them to increase the productiveness of their labor. If he could not profit anything by loaning out such savings he would simply keep those savings by himself, not put them out in the hands of those who would risk them in productive enterprises. In short, he would simply lock them up or hide such savings, and then we would simply have hoarding, not the accumulation of active productive capital, and the gathering of such savings would in no way add to the power of men to further diversify their employment and so increase the productiveness of their labor.

A people may go on gathering and hoarding savings indefinitely without stimulating industrial development in any way, or indeed making such development possible. A people that does not hoard its earnings but

puts them into productive enterprises and machinery, uses them to acquire more efficient tools, increase the fertility of its fields, economize its labor, will add immeasurably to its productive power. But men will not so invest their savings unless they may share in some degree in the increased production of wealth following upon such investment. In short, interest for the use of their savings must be held out to them, and a rate of interest that amounts to more than an equivalent, in the eyes of the loaner, for the risk of loss taken, or else such savings will be hoarded, not added to the available capital fund of the nation, for it is quite evident that no man will loan out his savings unless he is satisfied that the rate of interest is more than an equivalent for the risk of loss and that he will profit from the transaction.

And here let it be said that he who accumulates savings may see advantage in employing his own savings in productive works over loaning out such savings to others. But in this case the employer is his own capitalist and virtually pays interest to himself, and it is the hope of reaping such interest that induces him to put his surplus earnings into his business with the view of enlarging it. If he did not believe that earnings so put back would yield a return and a greater return than they would yield if loaned out to some other, he would not put such earnings back, but would take them out and invest them outside. So let no one suppose that an employer capitalist does not receive any interest, any return upon his accumulated capital because no entries under the head of interest appear in his income account. That interest return is covered up under the name of profits, but it is none the less really there. In short, in such case profits are not alone to be considered as the wages of the employer, but as also including the interest of the capitalist, the rent of the landlord.

But what is it that induces a manufacturer to put returns back into factory and mill to enlarge and increase productiveness? What is the question he asks himself when deciding whether to put such returns back or take them out and enjoy them, or rather when deciding on what if any proportion to take out, what to take out? Is it not what present pleasures am I willing to forego for the sake of enjoying future and greater ones? And if the prospective increased returns from putting such returns back are comparatively small he will be much inclined to take such returns out and spend them at once for present enjoyment; if prospective returns are large the incentive to save and invest rather than to at once consume and enjoy earnings will be great. And what is true of the manufacturing capitalist is true of any capitalist, true of him who loans his savings to others, as it is true of him who employs his own savings in production. So interest may be regarded as the reward of abstinence and saving, and the greater this reward the greater will be the stimulus to saving.

But what is it that makes men willing to pay this reward, this price, this interest, for the use of what men have saved? It is the power that such accumulated capital gives to men to carry on diversified employments, add to the productiveness of labor. The demand for capital is dependent on the increased earning power that it may give to those who borrow. Of course, no man will be tempted to borrow money to enlarge his powers of production unless he feels that he can earn more with such money than he must pay for its use. And, on the other hand, the supply of capital is dependent on the degree to which producers may abstain from the present enjoyment of the earnings of their toil and the amount of such savings that they put aside and accumulate. And the degree to

which men abstain is dependent on two things, first, on the size of the reward of abstaining; second, on the severity of the sacrifices which they must make to save, the intensity of the desire to gratify pleasures, and that they must forego in saving. And this intensity of desire falls with man's increased earnings and power to command the comforts and luxuries of life, the severity of the sacrifices demanded declines as the productiveness of man's labor increases and wealth is produced with less effort. So as a nation progresses the remuneration of abstinence, the rate of interest sufficient to induce those who have produced wealth to store it up, in place of immediately consuming it for the gratification of personal tastes and appetites, naturally falls. In short, the sacrifices that the saving and supplying of capital call for become less severe and men grow readier to accept a lesser price for their making.

CAN WE BANISH INTEREST?

Now of course these capital charges must be met out of the wealth produced, must be paid at the expense of the employer and wage-earner, and many there are who insist that labor should not be subjected to such charge, that it is unjust and needless. But as we have endeavored to show the supplying of capital adds to the productiveness of labor. The saving and accumulation of capital gives to producers the means of increasing the size of the stream flowing into the fund out of which wages and profits are drawn. And so does it make possible the drawing of larger dividends as profits and wages, and so may those who pay these capital charges find that they pay less for the use of the savings of others than those savings are worth to them. Indeed, if they did not think the use of such savings worth more than the price demanded for their use they would not borrow.

But why, it is asked, should labor be subjected to these charges at all, why not supply capital free to all? By all means let us supply it free, banish interest if we can. And by many we are told that we can. But increase the supply of money, it is said, and the deed will be done. But this belief is based on an entire misconception of the nature of capital. We cannot do away with interest by increasing the volume of money, for money is not capital. But, it is said, cannot you reduce interest rates by increasing the supply of money? Well, of course, we may, but this will not result directly in reducing future capital charges. Why? Because money is not capital and the increase of the volume of money would not of itself increase the supply of capital. Such increase would merely result in making prices higher, making each unit of money stand for a lesser amount of capital, and then to acquire a given amount of capital we would have to borrow a greater number of units. For each unit we would be charged less interest, but for the total number of units required we would be charged as much as before. Of course, such rise in prices would lighten the fixed charges on old debts; of course such rise in prices would stimulate production, lead to increased production of wealth, increased savings, increased accumulation of capital, and so finally and indirectly result in making capital cheaper. But clearly this only would be added proof that it is only the increase of capital and the decrease in the severity of the sacrifices called for in its saving that can result in making capital cheaper. The mere increase of money cannot of itself.

THE FUNCTION OF CAPITAL.

And now to return to the laborer and his hire. We have seen that that hire is primarily dependent upon the productiveness of labor and not paid out of capital.

But capital has a function to perform in this payment, and that is to advance the wages paid, advance to the workman not only the tools and materials used in production, but the sustenance he needs to keep himself during the period of production and the interim elapsing before the sale of the product out of which sale capital is repaid for its advance. And the more diversified industries become, the greater must be these advances. Hence such diversification is dependent on the accumulation of capital and so are wages, in so far as the productiveness of labor may be hindered by the lack of capital, dependent on the savings of the community.

The shoemaker at his bench needs but little capital, only enough to enable him to supply himself with necessary tools and materials, and sufficient food to keep him during the few days while he is occupied on a pair of shoes and before he gets pay for the products of his labor. But such little capital he must accumulate or command before he can set up in business. Relatively to his output the capital needed is small, several times a year may he turn it over. But let us advance a step and look into the great shoe factory where labor is much diversified and the productive power of each laborer is infinitely greater than that of the individual cobbler. With that increased productiveness of labor has the demand, the necessity for capital increased in even greater ratio. There must be supplied for each hand much more capital than the individual shoemaker needs. Not only because of the intricate machinery used and the use of which makes labor so much more productive, but because the time elapsing between the expenditure of labor in making a shoe and the receipt of payment by the manufacturer is much longer. And during all such period must the share of the laborer in the product be advanced to him

that he, without capital, may supply himself with his wants.

And so it is in all industries where labor is greatly diversified. The greater the diversification the greater is the productiveness of labor, but also greater is the demand for capital. And hence it is that diversification of industries can only proceed with the accumulation of capital, so it is that with the accumulation of capital the productiveness of labor increases and such accumulation we cannot afford to discourage. Rather, if we have an eye to our own good, will we encourage it, but let us ever bear in mind that nothing is so great a stimulus to industry and the productiveness of labor as justice in the division of the fruits thereof, and that the greater the productiveness of labor the easier is it to save, for saving costs less sacrifice, and the more rapid the accumulation of capital.

PAYING TRIBUTE FOR THE RIGHT TO WORK.

And while men are denied equal opportunities for labor, employing their resources and developing their abilities; while laborers are at the mercy of favored combines holding monopolies of the tools and agencies of production and distribution, and must pay those combines for the right to work by surrendering to them all the fruits of their toil above what is barely sufficient to enable them to live and bring up a brood of children in the drudgery of poverty, shut off from opportunities for the development of their abilities that are the rightful inheritance of every child, there is no justice, progress must be warped, industrial development, the growth of the productiveness of labor, the accumulation of capital must be hindered. Every man has the right to work, and that right it is the duty of a just government, watchful over the rights of the weak as the interests of the strong, to secure to all,

and to this end should the government offer opportunities of work to those who are denied the right to work, to those who, dependent on trusts and combines, are obliged to pay a price for the right to work, deprived of the fruits of labor that are justly theirs; for the right to work, which is the right to life, is a right that ought to be free.

To put a man in a position where he must beg for work is to beggar, degrade, enslave him. He cannot be free unless the right to work is also free, and that now is not free, for many of the means of production and distribution are monopolized, and the free and equal use of such denied to labor. So we have to destroy these monopolies by taking away the special privileges they enjoy and which enable them to exact tribute from the laborer for the right to work, or the government must take over such monopolies and operate them so that labor may receive the full fruits of its toil.


GIVE US HONEST MONEY AND THE RIGHT TO WORK.

And further there is that idleness engendered by fluctuations in the value of the money standard that by depressing prices cut out the profits of production, lead to stagnation and the throwing of men out of work, that it is the duty of government to guard against. And how may this be guarded against, how may the money standard be freed from fluctuations and the opportunity to work kept open to all men and at all times so that there may be no loss from enforced idleness, no suffering and distress and impoverishment bred thereof? Some tell us to make labor the standard of value by offering work to all men at a fixed wage. This would give us a rigid measure of values based on labor as a unit. Then should wages for any cause be generally reduced in the independent fields

of production men would take up with the government's standing offer, be set to work in the construction of works of public utility, the wages paid them would go to swell the volume of currency, this would lift prices, instill new life into independent industry, finally result in increased demand for labor and a general offering of higher wages. And this very thing would prevent any inflation of currency by drawing workers back to the service of independent producers, and so, by decreasing the hands in government employ, cause a decrease in the rate of currency increase the moment inflation was threatened.

But do we want a rigid measure of values based on labor as a unit? For our part we do not, for to labor it would be unjust. With the progress of invention labor becomes more productive, more valuable, and should command higher wages. If we made labor the unit of value wages would not rise but remain unchanged with such progress, while prices would fall. You say this would be all right, for labor would secure the profit and benefit of such increased productiveness by being able to buy cheaper, that the wage though nominally unchanged would buy more. This is true, but labor would secure its profits after others had taken off and secured for their own profit a large part of the increased productiveness of labor, an increased productiveness that such others, fundholders and landlords, drawers of interest and rent had no share in bringing about. For with such cheapening such drawers of interest and rents could command a greater share of the products of labor, thus leaving labor with far from the full increase in its own productiveness. And this would be unjust, for it would deprive labor of the full fruits of its toil, oblige it to share such fruits with those who had no just claim thereto. Therefore would we make the general level

of prices the basis for our measure of values, and then would we regulate the volume of currency so as to keep that level stable; therefore would we offer work to all men not upon any fixed rigid scale but a sliding scale, a scale that would advance with the productiveness of labor, be so regulated as to keep up the currency to such volume as would be needed to maintain the level of prices. This would of course mean that any fall in prices consequent on any progress made in the industrial arts would be followed by a rising in the scale of wages until as a result the volume of currency would be so increased as to restore and maintain the level of prices. Then not only would the right to work be secured to all men, but the right of all men to enjoy the full fruits of their toil be recognized; then would the laborer share to the full in the general progress of the arts and the increased productiveness of labor; then would there be justice; then men would be really free; then great would be the stimulus to enterprise and industry, great be the increase in wealth production, unparalleled the accumulation of capital, marvelous the rate of progress.



OUR CANADIAN RELATIONS.

[September 3d, 1893.]

FROM the standpoint of the protectionist there is no reason for the imposition of tariff duties on importations from Canada into the United States, no good reason why trade between New York and Ottawa should not be as free as trade between New York and Pennsylvania. It would be mutually advantageous if it were so, if there were no customs line to hinder the interchange of commodities between the two countries. Such free interchange of commodities, the utter abolishment of customs houses along our Canadian border we would gladly work for, but a treaty of reciprocity falling short of this is a very different matter. Indeed, a reciprocity treaty is urged on very different ground, urged not on sound, economic grounds, but on false, and to a reciprocity treaty of such a nature as is generally contemplated we would lend no encouragement, but throw cold water.

The abolishment of the customs houses along our northern border we would urge on the ground that the free interchange of commodities would be mutually advantageous, that both peoples would gain from such interchange and gain equally as buyers and as sellers. But reciprocity, as suggested, rests on the idea that in the exchange of commodities it is the seller alone that profits, that consequently the interests of buyer and seller are not mutual, that from increasing our purchases from Canada we must lose, that by increasing our sales we must gain, that, per se, the interests of Canada are just the opposite of ours, and that

therefore a reciprocity treaty must be the result of a dicker in which each party thereto strives to and believes it has got the best of the other, gained more by extending the markets for its goods than it has lost by opening its own markets.

And clearly a reciprocity arrangement approached upon this mistaken basis cannot be mutually satisfactory. If it works as expected, evidently one people must lose what the other gains. And in such trade there is obviously no net gain, no profit in the exchange of commodities and it would be better if such exchange did not take place. Therefore, we have little patience with those who put forth so-called reciprocity propositions in the belief that by the acceptance of such propositions they would get the best of their neighbors, but that can only find acceptance if those neighbors are under the contrary belief. There is only one true way for a country to get rich and prosper, and that is by producing wealth, not by getting the best of its neighbors in trade.

The notion that trade is one grand scheme of cheat, that it has its support, not in mutual profit, but in profit derived by one party to the trade at the cost of the other, and that, therefore, there is no net gain in trade, is so absurd that it is hard to believe that it should find any acceptance. Yet just such notion is held by many of our advocates of Canadian reciprocity; it is with such absurd idea that they would approach the building of a reciprocity treaty. Canadian advocates of reciprocity approaching the subject in the same spirit the result must be mutual distrust and suspicion. It is petty treatment of great interests.

From the exchange of commodities both parties to the trade should gain. It is indeed on mutual profit that trade and commerce rests. If two families, living quite independently of each other, each producing by

its own unaided exertions all that it consumes, discover that by uniting their exertions, dividing their labor and the fruits thereof they can produce more wealth and live in greater comfort, it is evidently to their advantage to do so.

As soon as labor is divided to the end of increasing its productiveness, each family, each unit in society, ceases to be self-dependent. Labor being subdivided and each man devoting himself to the production of one particular product or general line of material, it follows that he will produce more of such goods than he can himself consume. The surplus he must exchange for the surplus products of others, and thus supply himself with his needs. To make this exchange will of course cost some effort, some labor. The labor thus spent of necessity diminishes the time that can be given to the production of wealth. But if the increased productiveness of labor coming with the division of labor is greater than the loss of productiveness consequent on the expenditure of labor in effecting the exchange, it is obvious that such division of labor and such exchange as makes possible such division, is a net gain to society. In other words, where each man devoting himself to one kind of industry and producing a surplus can exchange that surplus for a greater quantity of other commodities which he may desire than he could obtain if instead of devoting himself to one kind of work and producing a surplus beyond his own needs he undertook to directly fill all his own wants, such exchange is advantageous to him. And in such exchange he must appear both as seller and buyer, he must sell the fruits of his own labor for the fruits of others' labor. He sells and buys merely because by devoting himself to one kind of work and producing a surplus which he can exchange for the surplus fruits of other labor he can live better than if

he undertook to raise or make for himself everything he used. So the profit in the exchange of commodities, a profit that is mutual. By such dividing up of employments and exchange of surplus products, labor is enabled to produce more wealth and produce more than is wasted by the time and labor lost in effecting exchanges. Therefore in such exchange there is a gain to mankind.

Such exchange of commodities is for convenience effected through means of a token, a counter, a unit of account that in the United States is known as the dollar. But though we sell commodities in terms of dollars let it be borne in mind that we do not really give commodities for the printed slips of paper or stamped disks of silver or gold that go by the name of dollars. Those slips of paper and metal disks are really drafts on all the storekeepers and shopkeepers in the United States, drafts that in effect state that the bearer has rendered a dollar's worth of services to society, produced and parted with a dollar's worth of goods, the surplus fruits of his labor, and that he is entitled to a dollar's worth of goods, the surplus fruits of others' labor from society in return. And it is because these dollars are drafts on the storekeepers and shopkeepers that we accept such dollars in payment for our commodities. We accept them merely because they afford a convenient medium by which one may exchange the surplus products of his own labor for the surplus products of others, a medium which being itself subdivisible enables us to buy commodities in the quantities wanted and at the time when wanted. Those dollars in one's hands are certificates that one has rendered a service to society for which society is owing a service in return, and certificates that society will honor at any time and any place. Such is the nature of money.

So when we sell a commodity for money we merely sell it for a draft that will be honored by all storekeepers and shopkeepers of our land and entitling us to other commodities. And as our services to society are greater, as we produce more wealth when subdividing our labor and devoting ourselves to particular tasks it follows that those drafts, which represent the value of our services rendered to society, are of greater value than our labor would be if not thus subdivided and call for a greater quantity of commodities than we could hope to produce by individual effort. Therefore our gain, and to divide the gain derived from selling and buying is impossible, for selling and buying are but parts of the same profitable transaction, the exchange of the surplus fruits of our labor for a greater quantity of wealth than we could get by devoting that part of our labor now given to producing a surplus to the production of such articles as we buy.

It is this mutual profit that is the foundation of trade and commerce. But it is unfortunately true that much trade is conducted on the get-rich-quick principle of striving to despoil those with whom one trades, the principle of monopoly, which is to take to monopoly all the profits of exchange, despoil the seller and purchaser of the mutual profit that should come from the diversification of employments, the consequent production of surplus fruits of labor and the exchange of such surplus. Monopoly accomplishes this by putting such a tax upon exchange of commodities as to more than absorb the increased production of wealth growing out of the division of labor and its consequent increased productiveness. Thus monopoly, where it is industrial, as the Standard Oil or Sugar Trust, squeezes from the seller by pressing down the prices paid for raw material, and from the purchaser by the charge of exorbitant prices. And when the

monopoly is that of transportation the squeezing is accomplished by the charge of unreasonable freight rates; when working through money by squeezing down prices and thus turning the profits of industry into the pockets of the creditor classes.

The inevitable result of thus diminishing if not destroying the mutual profitableness of the diversification of industries and the exchange of commodities must be to discourage such diversification, such exchange, lead to industrial stagnation, to trade paralysis, for it does in effect undermine the very foundations of trade and commerce.

It is the duty of nations to protect themselves against such monopolies, whether industrial or transportation or financial, whether foreign or domestic; to encourage that diversification of employments, that free exchange of products that is the sure path to wealth and greatness. And clearly whatever product any people can produce for themselves at a smaller expenditure of labor than such product may be produced and imported from abroad it is to their advantage to produce that product, their loss to import, and under natural conditions such product would not long continue to be imported. But conditions are not always free and equal, and so it happens that what is known as free trade is often not free trade at all, but trade warped and turned into profitless channels by artificial hindrances. And to remove such hindrances or neutralize them, protective tariffs, themselves too often abused, have been raised.

Such hindrances are raised by centralized capital, and naturally such accumulations of capital are largest in the hands of those industries long established in the older countries of the world. So against the old countries of Europe the newly-settled countries have generally raised protective tariffs, raised them to

combat monopoly, raised them to free themselves from the necessity of selling in a distant market and buying in a distant market.

Thus did the United States raise a protective tariff. The economists of the protectionist school taught that whatever product our people could produce at a less expenditure of labor than would be spent in producing it abroad and bringing it to us, it would be to our advantage to produce at home, and that producers of such products should be protected against any unnatural and unhealthy foreign competition. In short, they held that the artificial advantages possessed by foreign countries should not be permitted to drive trade out of its natural and therefore most profitable channels. So they held that the fact that labor had been ground down in Europe, should not be permitted to give to European producers any advantage in competition with our producers; so they held that a war of underselling pressed by the European manufacturers of large accumulations of capital, a war in which our producers of smaller capital would, unaided, go under—a war forced with the purpose of keeping a monopoly of our markets and then reimbursing for the costs of the war of underselling by the charge of extortionate prices, should not be tolerated, and to prevent such underselling, to prevent such artificial competition, a competition with the result of momentarily putting prices down to the American consumer, but putting them up in the end, and to equalize differences in wages, protective tariff duties were imposed. Thus by the artificial was the artificial destroyed, and industry permitted to develop in natural channels. But clearly we need no such protection against Canada.

What products we cannot produce in the United States with as small an expenditure of labor as they can be produced elsewhere and transported to our

shores it is, on the other hand, very obviously to our advantage to import. This have economists of the protectionist school taught, and so opposed all tariff duties on such commodities as our country is not qualified to produce. So all this teaches that trade between countries of different latitude should be free, for it is in such direction that trade should naturally develop, between countries of different climate and consequently of different natural resources. Therefore it is that from the protectionist standpoint trade between Canada and the United States should be free. It is only from the standpoint of the protectionist who is protectionist from selfishness and not from principle, who looks upon the tariff not as a means to equalize artificial barriers, stimulate the diversification of employments and the interchange of commodities, but as a means to unduly raise prices and despoil the American consumer that such trade should not be free. And the protectionists of this stamp are not deserving of attention.

But, unfortunately, such protectionists are listened to, are heeded, are represented and well represented on the Joint Commission having under consideration the relations of the United States and Canada. Therefore if the question of general trade relations is taken up we may be assured that it will be approached in a petty spirit, in the spirit of bargain and sale and in the belief that we can profit by selling to Canada, but cannot profit by buying from Canada. And it is too much to hope that any mutually satisfactory arrangement can be arrived at when approached from such false ground. We repeat, the interchange of goods should be mutually profitable or there should be no interchange. We say more, there can be no permanent interchange of goods that is not so profitable. Any trade that is not so, that is one-sided, that impover-

ishes one party to it must sooner or later dry up. But between Canada and the United States there should, in the natural order of things, be a mutually advantageous exchange of products, and it is a loss to both peoples to put tariff hindrances in the way of such trade. From such hindrances nothing is gained, for they are not required to neutralize artificial advantages that one people have over the other. Such advantages do not exist. Therefore the abolishment of the customs line between the two would be a mutual advantage.

But no reciprocity treaty framed on the false idea that we have much to gain by selling to Canada but nothing to gain by buying from her, can be mutually satisfactory and advantageous. The truth is we have much to gain by buying more extensively from, and selling more extensively to, Canada and Newfoundland. And so has Canada much to gain by extending such trade with us. A tariff on imports of coal into Canada, such as places a hindrance on Montreal and Ottawa getting their coal from the nearest mines which are in Ohio and Pennsylvania, and causing them to look to the Nova Scotian mines, twice the distance off, is nothing less than a tax upon industry, upon the accumulation of wealth in the province of Ottawa, for it is a turning of trade into unnatural and wasteful channels. And so is the tariff on the importation of coal into the United States that causes the people of Maine to look to the coal fields of Pennsylvania and Virginia rather than to the much nearer fields of Nova Scotia for their coal, a tax on the people of Maine, a tax upon society, for it leads to wasted labor.

So from free trade in coal between Canada and the United States the people of both countries would mutually gain and both as producers and as consumers. Coal of both countries, finding nearer markets could

be sold at lower prices, for the waste on transportation would be less and still bring a better price to the producers. And cheaper coal to the consumer would no doubt bring increased consumption and so increased demand.

Again is the tariff on importations of iron into Canada nothing less than a hindrance to the accumulation of wealth in Canada, for iron cannot be made in Canada at anything like the labor cost that it can in Pennsylvania, and so to encourage Canadians to make their own iron is simply to encourage the development of industry in unnatural and hence wasteful channels. So on the other hand are the duties we place on imports of lumber nothing less than a tax on our own people, and simply serve to enable the owners of the much restricted timber tracts of the United States to profit at the expense of our people at large, and so hasten the deforesting of our lands, which is something not at all to be desired. Besides, such duties cause the transportation of timber unnecessary distances. Where markets for lumber in the United States are nearer the Canadian timber tracts than our own it would be to our advantage to buy in Canada. The tariff that hinders such trade leads to a drain on more distant sources of timber supply in the United States, and hence waste of labor in transportation. What is more, it leads to the cutting of trees not yet ripe for the woodsman's axe and the use of inferior timber, and is therefore doubly injurious and wasteful.

To the abolishment of the customs barriers between the United States and Canada there would, no doubt, be great outcry on the ground that it would subject our farmers to the competition of Canadian grain. But the truth is they now meet this competition, they sell their grain in competition with Canadian grain, to say nothing of the grain of all sur-


plus grain-producing countries of the world. In short, we produce a surplus of grain, Canada produces a surplus of grain, and such surplus is marketed in Great Britain, and there, under free competition, the price is made. And the price on the American and Canadian farm is the Liverpool price less the costs of transporting the grain to Liverpool. Consequently, the price of grain on both sides of the border, being fixed in the same market, is approximately the same. Therefore, the removal of the tariff duties on grain would not lead to increased competition.

We repeat there is no good reason why trade between Canada and the United States should not be as free as trade between the states of the American Union. The way to solve the question of our trade relations with Canada is the establishment of a customs union, the abolishment of customs houses between the two countries. It would be a solution mutually satisfactory, mutually advantageous, for by nature and by heritage the two peoples are economically one.

But such solution of the question is not even thought of at this time. It is for the time being quite out of the question. Yet there is no other way in which it can be satisfactorily, and, therefore, permanently solved. Until it is so settled it will never be settled. What the Canadian Commissioners will propose with a view to extending trade with the United States and what our commissioners will feel like accepting, if they feel like accepting anything, is a question. But under the provisions of the Dingley tariff our commissioners might make very considerable and general concessions in tariff rates, subject, of course, to the approval of the United States Senate, before which any treaty they may draw up must go. Thus the Dingley tariff provides that whenever the Presi-

dent, by and with the advice of the Senate and with a view to securing reciprocal trade with foreign countries, may deem it to be to the interest of the United States, may enter into a treaty providing for the reduction of duties specified in the Dingley act and for a period of not more than five years, to the extent of not more than 20 per cent. thereof, and also for the placing on the free list of such commodities as were on the free list under the previous tariff. The same section of the Dingley act also authorizes and for a similar purpose the transfer to the free list of any articles that are not the natural products of the United States. But this latter provision would hardly be applicable to our trade with Canada. Under the provisions that are applicable, however, timber might be restored to the free list as it was under the Wilson act.

The trade of the United States with Canada has undergone vast changes in the last ten years. In 1888 our imports from Canada exceeded our exports to Canada by about six million dollars, in the fiscal year 1898 our exports to Canada exceeded our imports from Canada by fifty-one millions, our exports more than doubling in ten years from \$37,245,119 worth to \$82,854,947, and our imports falling off by more than one-fourth in value, or from \$43,084,123 to \$31,642,312. During the same period Canadian trade with Great Britain fluctuated in just the opposite direction, exports to Great Britain about doubling and imports from Britain falling off by twenty per cent. Statistics for the Canadian British trade for a later period than the calendar year 1896 are not at hand, but a comparison of the returns for that year with 1888 will show the general trend of trade, show an increase in exports from \$45,000,000 in 1888 to \$80,000,000 in 1896, a decline in imports from \$43,000,000 to \$33,000,000.



Seizing these facts, Sir Wilfred Laurier, when the elections of a couple of years ago gave his party control of the Canadian Parliament, and made him premier, resolved to trade upon them, and he forthwith offered to discriminate against importations of American goods and in favor of British goods, and thus make an extended market for British goods in Canada, if the British Government would discriminate against American grain in the United Kingdom, and thus make an extended market for Canadian produce. Thus, at our expense he proposed to increase the market for British goods in Canada and for Canadian goods in Britain. And to show his earnestness he piloted a new tariff measure through the Canadian Parliament, which is now in effect, and under which British goods find an entrance into Canada upon payment of duties 25 per cent. lower than the rates on importations from the United States. The same reduction is extended to imports of goods from all parts of the British empire.

Thus just before leaving for England a year ago to take part in the Victorian jubilee, Sir Wilfred made this forward step towards an Imperial Customs Union, such as would unite the British empire with bands of trade. The British Government responded by going so far as to abrogate the trade treaties with Germany and Belgium under which Britain was bound to permit the importation of goods from those countries upon an exact equality with goods from other foreign countries or her colonies. Those treaties of course inhibited, while they stood, the imposition of discriminating duties by Great Britain in favor of Canadian and other colonial produce. But further than the abrogation of these two treaties the British Government has not gone, and so Canada has not been given favors in Great Britain in return for favors she has granted.

Foreseeing this, Sir Wilfred, Frenchman and Catholic as he is, yet ruler of a British and Protestant colony, had it written into his tariff that the 25 per cent. reduction on duties allowed on imports from Britain would be extended to any country offering a similar reduction of tariff rates on importations of Dominion produce. Thus was written into this Canadian tariff a bait and a threat for us, a threat that our goods would be discriminated against in favor of British if we did not offer tariff favors to Canada, a bait that our goods would find entrance into Canada on an equality with British if we did grant reduction in our tariff rates in favor of Canadian produce. But such threat, though it has been acted up to, and such bait have so far failed to effect us and in spite of the discrimination against our products and in favor of British our sales of products to Canada have gone on increasing. So it appears that the discrimination is not going to change the course of Canadian trade, though it is yet too early to predict the ultimate result.

Such is the situation as it stands to-day, such is the question of discrimination and tariff favors as it will come before the Joint Commission, but that the commission will solve it, the Canadian commissioners offering the reductions authorized under the Canadian tariff, and our commissioners the reductions in tariff rates provided for in the reciprocity clauses of the Dingley tariff, is extremely improbable. Indeed, even if such agreement was come to it would not be any permanent solution of the question at all, for no question can be settled until it is settled right, and the only way to settle this question is to abolish the customs houses between Canada and the United States.

OUR SOUTH AMERICAN TRADE.

[December 31st, 1898.]

OF ALL our foreign trade that which it is most worth our while to cultivate is the trade with the countries lying to the south of us. In the very nature of things this must be so, for they are situate in a different clime and their products are of a different kind than ours. Indeed, much that they produce we just can't; and consequently such produce we have got to buy or go without. And, as we have to buy, it stands to reason that it is to our advantage to buy from the nearest markets, buy such produce from the West Indies rather than the East, from the Republics to the south of us rather than from the peoples of the Orient, for surely it cannot be to our advantage to bring produce from six to ten thousand miles when like produce can be gotten from lands only a few hundreds to perhaps three thousands of miles distant from our shores.

THE DOCTRINE OF LAISSEZ FAIRE—OR APRES MOI LE DELUGE.

It may here be objected that inasmuch as we do to some extent buy in the more distant markets in preference to the nearer, it must be to our advantage to do so. Else, it is said, we would not buy, for the law of self-interest impels men to buy in the cheapest markets. So, it is argued, leave men alone, rely implicitly on the law of self-interest to give trade its direction and development and all will work out for the best. This is the old comfortable doctrine of *laissez*

faire; that is comfortable doctrine for those who have, but so uncomfortable for those who have not that the political economy reared up around this doctrine by the British economists of the middle century became fitly dubbed "the dismal science." But the law of self-interest is oftentimes none other than the law of selfishness, and reared upon the sentiment that found expression amidst the revelries of the Court of Louis XV. in the trite saying of "after me the deluge," that is to say, "so long as we may have our pleasures we care not what comes to France, care not what the future may have in store." And surely no good comes to a nation from building upon such law of selfishness, or from giving men full license to build upon it.

In short, an easy-going permission for men to follow the law of self-interest will not always bring things out for the best, will not always lead to the development of trade in the most advantageous directions. And why? Simply because men impelled by the supreme spirit of selfishness, will be prone to grasp at an immediate profit even though such grasping, such taking, must cause a drying up of source and a cutting off of profits for future years. Indeed, men will be sure to embark on that trade that holds out the prospect of greatest immediate profit. They will so embark even though such new trade will paralyze an old of less but sustained profits, even though the greater profits of the new trade will be squeezed out in a few years and thus leave them with a dry spring. In fact, men will be constrained so to embark, competition will force them, even though they see that the grasping for larger immediate profits will inevitably lead to a drying up of all the wells of profit. They will be so constrained for a very few acting on the principle of *after me the deluge*, or so shortsighted as not to see that they are acting on such principle and killing the goose

of the golden egg, will leave the many with no alternative but to join in the slaughtering process, and get what profit they can ere the carcase is picked dry. And surely it does no country good to encourage its citizens to act on this principle, to build trade upon this principle, to reach out for a foreign trade at the expense of a home trade, to reach out for distant foreign markets at the cost of nearer and hence more natural markets.

Yet we are on a fair way to doing just this. Indeed the government is urged to do just this and by none more strongly than some Republican manufacturers who once styled themselves protectionists, who once thought or said they did that a cheap coat makes a cheap man, who thought home markets as the nearest markets the best markets, but who now think more of extending the foreign market than the home market, and in their anxiety to extend that market declare cheapness, a cheap man and a cheap coat to be a very good thing. And indeed this policy is being pursued with a vengeance. We have had a general cheapening of men and things, with this cheapening has come a great extension in our export trade of manufactured articles, a great extension of foreign markets, but a check to the natural expansion of our home markets so that our manufacturers have lost many fold more than they have gained.

CHEAPEST MARKETS NOT ALWAYS BEST MARKETS.

Yet the demand that this policy of extending foreign markets, without thought of home, be pushed with greater vigor is made with much vehemence. What is more, the demand is most urgent that this extension be pushed with countries more distant from us, countries in the Orient. No one seems to entertain any doubt of the advisability of extending our

trade with the tropical countries of the Orient at the expense of trade with the countries to the south of us, of our increasing our purchases from such distant markets in preference to markets nearer home. Of course it is undeniable that the cost of bringing produce from six to ten thousand miles to our markets must be greater than the cost of bringing produce from distances of a few hundred up to three or four thousand miles, but still it is said it is to our advantage to in some cases bring the produce we use the greater distances. If it was not to our advantage, so it is asserted with confidence, we would not do so. When we buy from the more distant places, it is said, one may be sure that it is to our advantage to do so. If it was not to the advantage of the importing merchants they would not so buy, and what is their advantage must be their country's advantage.

So it is argued, but the importing merchant buys where he can buy cheapest, and it is not always to the advantage of a country to buy in the cheapest markets. This may shock some of the *laissez faire*, leave things alone, no government interference with trade and then what is the best school—shock them as heterodox, but buying in the cheapest markets when those markets are cheapest because what therein is offered is cheapest because made by cheapest labor amounts to pauperizing oneself. There must be two sides to trade, a selling as well as a buying. And a buying from a land of cheapest men means a selling to such land, and a selling upon such cheap men basis. If we buy a greater share of our imports of tropical goods from the East Indies we must buy a lesser share from the West. And if we buy less from the West there must come, especially with a rejuvenation of Cuba, a piling up of products in the West Indies seeking for an outlet, a consequent fall in prices and a general impoverishment of

the peoples of those islands. Receiving smaller returns for their products their demands for our products must be restricted. Consequently a natural outlet for the surplus products of our farms and factories would be curtailed, and an increase in outlet to a like extent cannot be hoped for among the poorer peoples of the East from whom we may choose to buy in preference to the peoples to the south of us who would be our better customers. So goods would pile up on our markets and the resulting pressure for sale force down prices. At last at some reduced price level a market would be found, but in finding such market we would further pauperize our own people. To then purchase tropical products in the Orient in preference to the countries to the south of us, is to grind down our own people to pauperism.

NEAREST MARKETS BEST MARKETS.

So we see it is not always to one's advantage to buy in the cheapest markets. As we set out by saying it is to our advantage to buy, what not producing we must import, in the nearest markets. The shorter the distance that we have to bring foreign purchases the smaller will be the cost of transportation, and hence the nearer will our people come as consumers to getting such products at the prices the producers receive.

HENCE HOME TRADE BETTER THAN EUROPEAN.

It is for this very same reason that the home market is preferable to a foreign market, that it is to our advantage to buy what we can of ourselves. It may be that some things we now buy of ourselves we could get for less money of foreigners if it were not for the tariff duties, but if such foreign cheapness is the result of cheap labor, we care not whether it be European or

Asiatic, it is not to our advantage to avail of it. To so avail would throw those of our own people engaged in such production out of work, thus make an increased pressure on the labor market and generally force down wages. Nor would the farmer or planter buying such cheap foreign goods save, for the impoverishing of the laboring population would cut down the home consumption and demand for the products of the farm and plantation and so depress prices.

The rejoinder of the free trader is, of course, that though the home demand would be curtailed the foreign demand would be increased because our increased purchases of foreign goods would enable the foreigner to purchase more of ours. And this we may as a general proposition admit. But the foreigner, though his returns were increased as much as the returns of our manufacturer and his hands were decreased, could not purchase as much of our agricultural products, for a portion of such returns would be absorbed in the transportation of the products across the sea. Consequently the demand for such products would be curtailed. But the foreigner's returns would not be increased to the full amount of the former returns of our manufacturer and hands forced into some other pursuit, for the American farmer getting smaller returns than before would have less to spend for such manufactured goods than before, and then from what he had to spend would have to be deducted the ocean freight charges on bringing such foreign goods to our shores.

So to avail of the cheapness of foreign goods when such cheapness is the result of cheap labor, must entail upon us the loss of the extra sums dispensed on transportation accounts because of the wide separation of producer and consumer. And so to avail of a cheapness in Oriental markets as compared to South Ameri-

can or West Indian markets, when such cheapness is due to cheaper labor, is but to entail upon ourselves a loss equal to the difference between the greater cost of bringing the produce from the East, the more distant markets, and the lesser costs of bringing similar produce from the countries of this hemisphere, which for us are much the nearer markets.

SOUTH AMERICAN TRADE BETTER THAN EAST INDIAN.

Of course, where cheapness is not due to cheaper labor but to some natural cause, then it is to our advantage to avail of such cheapness. In other words, where any other people have a natural advantage over us in the production of some article, and that advantage enables them to produce at a lesser cost of labor and energy than we can, a lesser cost more than equal to the increased cost that purchasing from them will put us to on account of increased costs of transportation, then it is to our advantage to buy such article, not to keep out such article by tariff duties and strive to produce it for ourselves. And when there are several lands equally enjoying such natural advantage, then it is to our advantage to buy in the nearest and thus keep down our outlay on transportation to as small a figure as possible. And nearly all those products that we cannot produce on terms of equality with all the world so far as natural conditions favorable to production are concerned, are tropical products, and products conditions for the production of which are just as favorable in the countries lying to the south of us as anywhere on the globe. Consequently from such countries as the nearest we should buy in preference to the lands of the East. Further, there are many things which we produce but which such countries cannot produce to advantage. Thus these tropical countries lying to the south of us cannot produce to any advantage the wheat and flour they

desire, they cannot produce to any economic advantage many articles of manufacture, for they are lacking in coal fields. So it is to their advantage to buy such products, buy them in exchange for the peculiar products of the tropics. And these things we can supply them with. What is more, being nearest to them they should naturally look to us.

AN AMERICAN ZOLLVEREIN.

So between the United States and the countries and islands south there exist all the elements for a mutually advantageous trade, a trade more advantageous for all than any other foreign trade can possibly be. Therefore would we encourage it, encourage it if we could have our way even to the extent of establishing a commercial union that would secure absolute free trade between all the countries of the Western Hemisphere and give a common tariff to all. And into such union we would gladly welcome Canada. Of course such extension of a common tariff would greatly derange the revenue systems of all countries concerned, and oblige all to look up new sources of revenue. But we would have no regrets for such derangement, and the disappearance to some extent of the practice of raising revenues by tariff duties. Indeed, such duties being levied on consumption, and largely on articles of general consumption, partake much of the nature of per capita taxes, as such are inequitable and their supersession by juster taxes, taxes imposed not upon men's needs, but upon what they have, should be welcomed. However, the plan of such a customs union is rather Utopian, and as such we hardly need stop to discuss such questions as the above, though the bringing of Cuba as well as Puerto Rico into our union, so far as commercial relations are concerned, is not at all improbable, and the bringing in of Cuba and the con-

sequent nullification of the sugar duties as revenue yielders would raise such question.

A PAN-AMERICAN BANK AS ENCOURAGEMENT TO TRADE.

But though such a broad American customs union is not yet within reach the right direction in which to extend our trade is with the countries to the south of us, and there are many steps short of the forming of a customs union by which such trade can be greatly encouraged. And it being so much worth our while to cultivate this trade, a trade that must be advantageous to us above all others, always excepting our home trade, we are disposed to look most favorably on any suggestion for the encouragement of such trade. Some in Congress have sought to give such encouragement through an international American bank, and urged upon Congress the chartering of such a bank. Just before adjournment over the holidays this proposition was brought to a head, a bill authorizing the formation of such banks under United States charters being pressed before the House. But the House in its wisdom voted down the bill, though not so much as a mark of opposition to the chartering of an international bank as from the fear that if the bill were passed great branch banks would be organized under the name of international, but really for purposes of domestic banking.

The bill provided for the chartering by the United States of banks of \$5,000,000 or more capital, with the privilege of establishing eight branch offices in the United States, and as many branch banks in the countries to the south of us as they saw fit. At present there is no such thing as an American bank or branch bank in a South American country; no bank in the United States and with branches in South America from which the American importer can buy a bill of

exchange to pay for the goods imported, nor a bank through which the American exporter to South America can send his draft for collection. As a consequence the American importer pays for what he buys from South America by draft on London, and the American exporter sends forward his draft in the same way. Of course the London banks with branches in South America, and thus hired to make settlements for us, charge for their services, and, of course, they charge as much for such service as they do British merchants. But the only way Americans can secure such services is through the agency of New York bankers, from whom they must buy drafts on London, to whom the exporters must sell their drafts or through whom they must forward their drafts to London. And, of course, for such service the New York bankers charge. Consequently our importers are put to a double expense in remitting for goods bought from South America, and our exporters to a double charge in making their collections. Of necessity this puts our exporters at a disadvantage as compared to British, a disadvantage amounting to the charge, or, rather, deduction, made by the New York banker on London Exchange. To this first deduction is, of course, added the charge of the London banker for South American exchange.

To do away with this first deduction would therefore be to remove a handicap from our exporters to South America, under which they now labor, and encourage exportation, for they would realize more for their drafts, and hence get more for their products, though the South Americans paid no more. Of course this saving would amount to but a fraction of 1 per cent., but on large deals savings of even one-quarter or one-half of 1 per cent. are often material. And by its advocates it was asserted that the estab-

lishment of an international bank, with headquarters in New York and numerous branches in South America, would make possible this saving. And doubtless the establishment of such bank would lead the way to such saving. Still too much was claimed for such a bank on this score. It should be remembered that it is trade that makes exchange, that it is the export of merchandise that enables the producers of one country to draw upon the people of others. They can draw only for so much as they may sell their goods for. The drafts thus drawn pass into the banks, are either sold to the banks or given to the banks for collection. In either case the banks will make a charge.

SETTLING FOR OUR PURCHASES.

Now suppose an international American bank should be established and all the drafts of American exporters to South America handed over to it. The bank buying such an amount of exchange sent forward to its branches for collection would obviously have an equal amount of exchange to sell. Now the importers, the men who must make remittances to South America, would have need of such exchange, they would be the purchasers. If they needed no more exchange than the exporters had sold to the bank a balance would be struck. But as a matter of fact our importers would need double the amount of such exchange, for our imports from the countries to the south of us are double the amount of exports. This being so, what would the bank do? Refuse to sell the extra and needed exchange? Not at all. It would raise the price of exchange sufficient to enable it to pay the premium that London bankers might demand for exchange on South America, or sufficient to pay the costs of shipping specie to the South American branches.

But in all probability the bank would buy the needed exchange in London, for London, under existing trade conditions, would likely have such exchange for sale. This exchange would of course represent drafts drawn by British exporters and drafts which the London bankers can annually draw to a very considerable extent against interest falling due on their South American loans. To meet these drafts South Americans would have to pay money into the branches of the London banks. The American bank buying South American exchange in London and forwarding it for collection would effect a transfer of money from the London branch banks to its own branch banks, and then the South Americans selling to our importers and now receiving in payments drafts sold by the American bank and drawn upon its branches would present such drafts and get back the money they paid into the British branch banks. We here have taken the liberty of speaking of the drafts as if paid in money. Of course in practice they would largely be paid by simply a transfer of credits on the books of the South American banks, a transfer from importers to exporters.

TRIANGULAR TRADE AND TRIANGULAR EXCHANGES.

But from what we have said it is very clear that the mere establishment of a bank would not free us from a certain dependence on London. As long as we import from the countries to the south of us more than we export, as long as we export to England more than we import therefrom, as long as London runs up debt against South America faster than South America through exportation of her products to England runs up an offset, just so long will we buy exchange of London to make settlements in South America.

"At present," remarks the New York "Times," "everything we buy or sell in South America is paid for through London. This triangular exchange operation is cumbersome and costly." And so it is, but so long as there continues a triangular trade between the United States, Great Britain and South America such triangular exchange operations will continue. The course of exchange follows the course of trade. But this Congressman Brosius, of Pennsylvania, who had the bank bill in charge, lost sight of, and so claimed too great things for such a bank. Yet he pointed that "we pay our balance to South America indirectly with the British goods shipped to her in excess of what Great Britain imports from her," that there is a triangular trade, that "British ships sail with goods from British ports to South America, thence to the United States with sugar, coffee, teas [a peculiar kind of cargo to get in South America] and spices, and finally return to Great Britain with American cotton and food products." And, we repeat, triangular exchange operations of necessity follow such triangular trade, and will continue just as long as such trade.

THE WAY OUT.

The way to stop "the cumbersome and costly" triangular exchange is to stop the triangular trade; an effective way to stop this triangular trade would be to impose a discriminating duty of say 10 per cent. on all imports from South America brought in foreign bottoms. This would prevent British ships from continuing in such triangular trade, a trade that now enables British exporters to get lower rates on freights to South American ports than Americans can get, and so enables them to market their products cheaper. But this triangular trade discontinued, a direct trade would at once spring up between the United States and the

countries to the south of us and the inestimable advantage the British exporter now has in lower freight rates would disappear. Indeed, such advantage would be transferred to the American. And also with this direct trade would come direct exchange and the British exporter would also lose the advantage he now has in cheaper exchange facilities. Under such encouragement to trade, or rather removal of handicaps to our export trade to South America, such trade would rapidly expand, and we would gain independence of British bankers, British exchanges, British ships to our inestimable advantage.

But really the proposal to establish an international bank as a means of ridding ourselves of the costly triangular exchange operations is beginning at the wrong end. Do away with the triangular trade upon which the triangular exchanges rest, and such exchanges will not continue to exist as a hindrance to our trade. So we need harbor no pungent regret over the defeat of the international bank bill, a bill defeated, be it repeated, not because of opposition to the incorporation of a bank to do an international exchange business, but because it was feared that if the proposed bill were made law it would be availed of to organize a branch banking system in the United States, a series of large banks, each with eight branch offices in the United States as authorized, but only two or three branches outside to keep up the fiction of being international, and to conform to the requirements of the law. And as a bill authorizing the establishment of a banking monopoly it was, somewhat unreasonably, opposed.

OUR TRADE WITH SOUTHERN LANDS.

Eight years ago Mr. Blaine, then Secretary of State, and in urging the establishment of a Pan-American

bank, wrote: "Last year [he meant the fiscal year 1888] our commerce with the countries south of us amounted to \$282,005,057, of which the imports of merchandise were \$181,058,966, and the imports of specie and bullion were \$21,236,791, while our exports consisted of merchandise to the value of \$71,938,181, and \$8,668,470 in specie and bullion." And then he added: "Of the merchandise imported into the United States the greater part was paid for by remittances to London and the cities of the continent."

How could it have been otherwise? We needed exchange to the amount of \$200,000,000, we had exchange of our own making to the amount of only \$80,000,000, we had to buy the balance from those who had it to sell, the London and Continental bankers. And these bankers had this exchange to sell, why? The London bankers to a small amount because in minor degree British exports to such countries exceeded imports therefrom, but largely because of the large interest payments due by South American countries to European money lenders; the continental bankers entirely because of such latter reason. In fact, South American countries have to pay about \$200,000,000 in Europe every year as interest on money borrowed. They of course pay this by exports of their produce, the excess of exports over imports being available for such use. And so it is that they have been drawing upon us yearly to make payment of a large part of such indebtedness.

Thus we have seen how in 1888 we imported \$181,000,000 worth of merchandise from the countries to the south of us and exported \$72,000,000 worth of merchandise to them. In the years following and under the stimulus of the reciprocity treaties of the McKinley law our trade expanded greatly, our imports from such countries for the fiscal year 1892, being re-

ported at about \$290,000,000 and our exports at \$98,000,000 worth. This was the banner year. In 1894, our exports were about the same but imports had fallen to \$236,000,000. It may here be remarked that this fall was in values rather than in quantities. In 1895 there came the outbreak of the Cuban rebellion and the annihilation of our trade with that island, a trade that had constituted more than one-fourth of our total trade with the countries to the south of us. Consequently a decline in trade for the last years is only natural. Thus we find imports for 1896 valued at \$194,000,000; for 1897, at \$172,000,000; for 1898, at \$151,000,000. Exports during the same years held up comparatively well, \$93,000,000 for 1896; \$92,000,000 for 1897; \$88,000,000 for 1898.

As compared to the total value of our imports, the imports from the countries to the south of us aggregated for the years 1892 and 1894, 35 per cent. of the whole, for the years 1896-98 only 25 per cent. And as nearly all our importations from such countries are tropical products this shows a striking deprivation of ordinary supplies. The great falling off is to be noted in sugar, and this falling off has not been made good from other tropical countries while our consumption of sugar has increased. Of course, we get it somewhere and that somewhere is Germany.


As we have said, our trade relations with the West Indies have been turned topsy-turvy by the Spanish Cuban troubles, so much so indeed that instead of importing two dollars' worth of produce from Mexico, Central America and the West Indies for every dollar's worth exported, we have been exporting almost as much as importing, for, leaving Cuba out, our trade with the balance of those islands and states has almost balanced for some years. But looking at South America alone we find our imports for the last three

years to have averaged about \$100,000,000 and exports about \$33,000,000. We would here further remark that one-half of these imports by value are made up of coffee, 15 per cent. more of india rubber and 5 per cent. of cocoa and spices, all products that we cannot raise for ourselves. What is more, it is worthy of note and as showing the general non-competitive character of our importations from South America, that of our \$107,000,000 worth of imports in the fiscal year 1897 \$100,000,000 were free, and of the \$7,000,000 of dutiable imports a goodly part was sugar. In fine, South America has just what we want and cannot supply ourselves with, and we can supply her with all the things that she cannot supply herself with to advantage. Thus here is the foundation for the most profitable and mutually satisfactory trade, and in bending our efforts to extend our foreign trade it is this that we should cultivate.

TERRITORIAL vs. TRADE EXPANSION.

[August 27th, 1898.]

THERE come times in nations' histories when, dazzled with tales of distant riches, they abandon the wealth at their own feet to exploit the resources of other peoples, when dropping thought of the possibilities of trade expansion at their own doors they bend their energies, make national sacrifices to extend their trade with distant countries. Around such trade, especially when won by war and bloody strife, there gathers a glamor that leads people to unduly magnify its importance, and, appealing to their commercial spirit, tempts them on to further territorial expansion as a means to trade expansion, while quite disqualifying them to stop and ask themselves if the game is worth the candle. If they could strip the foreign trade of its glamor and dispassionately weigh it with that which has been overlooked at home, the wealth that has been cast aside undeveloped in obtaining it against that which has been gained abroad, we are prone to believe they would find that they were not pursuing the direct path to their enrichment and happiness and national greatness. The making of a market for goods at the cannon's mouth is certainly not deserving of the encouragement of unalloyed success, and though the glamor of success will be prone to attach to a market thus opened, we doubt much if a market so opened has ever resulted in national enrichment, doubt if as great wealth has been reaped from the opening of such market as has been lost in skipping and abandoning wealth to be had through pursuit of the natural channels of trade.



History tells us of many nations that, dazzled by riches to which distance has lent glamor, blinded to the wealth at their feet needing only labor to uncover by the prospects of gain by exploiting the riches of other peoples, have embarked on careers of territorial expansion with a view to national enrichment. Thus did Greece embark and fall, thus did Rome embark with like result, thus did Spain embark to meet wreck. The losses in overshooting sources of home wealth were greater than the gains from the forced and unnatural trade with other peoples. And so came not national enrichment and greatness, but impoverishment and decline.

But of all nations that have pursued this path the one that has pursued it most systematically is pointed to as a brilliant example of the national greatness and wealth and power that can be attained by a policy of forcing trade expansion, making a market for goods at the cannon's mouth. Thus is the power of Great Britain pointed to. But has Britain, a country that has so abandoned her agricultural interests in extending her markets for manufactured goods, that her rulers now seriously give thought to the construction of national granaries in which a store of imported grain may be kept that British people may not be starved in the event of war, and the temporary cutting off of foreign food supplies, a country that has made herself dependent upon others for her food, that has permitted her agricultural interests to languish and undermined a home market for manufactured goods while forcing another market at the cannon's mouth, has the Britain that has done this and impoverished her Ireland and her India into the bargain added to her power and greatness? Stronger and richer she has undoubtedly grown while pursuing this path of territorial expansion, but is she as strong, are her people as rich as

they would be if she had not abandoned the development of her own resources, had not dropped industry and trade developed in natural channels to take up and develop trade opened at the cannon's mouth?

To such question no definite answer can be given. But some light we can throw upon it. And first, what is the extent of the trade that Britain has gained through territorial expansion? In all her colonies and possessions she found in 1896 a market for but £90,650,001 worth of goods, or less than \$450,000,000. Of course her territorial expansion policy, her display and use of militant force may have resulted in extending markets outside of her possessions and that otherwise would not have been opened. But on the other hand all the trade with what are now her possessions cannot fairly be said to have been gained through territorial expansion. Some part at least of the markets which she now has she could have obtained without territorial expansion. Surely she could have found such markets as far as the peoples over whom she has extended her rule and influence had cared for and been able to purchase what she has to sell. She could have found a market just as we have found a market in China and Japan for some \$35,000,000 worth of goods a year.

It may be said indeed that Chinese and Japanese markets would have been closed to us if they had not been opened to the world by British guns. But the people has yet to be found, civilized or barbaric, who will refuse to exchange their goods when offered goods in return that they consider of greater value. It is only when the attempt is made to force people to trade against their will that they will resist, when the attempt is made to exploit them that the way for trade, or we had better call it robbery, must be forced at the cannon's mouth. And it may well be gravely ques-

tioned if such a policy profits in the end, may well be questioned if a more profitable trade could not be built up by honest means. As it is, trade of the Western world with China has partaken, especially in its inception, much of the nature of piratical business. Indeed, English and American houses of reputation openly sought riches in China by piracy. We say this weighing our words and with knowledge.

And English trade partook much of the same nature in India. The whole rule of the East India Company was one of extortion and robbery. But even granting that foreign trade can be made more profitable in the end by availing of militant superiority to despoil and impoverish one's customers, it does not follow that a nation can add to its strength, its riches, by such use of force to expand trade. On the contrary, it is likely that a people tempted to embark in such trade will divert to it energies and labor that could be spent to greater profit in the development of trade and industry in other channels. And so we believe it has been with the British people. We believe the trade purchased at the cannon's mouth has been accompanied by a loss of domestic trade infinitely greater, that the foreign market for goods made by force has not equalled the check to the home market through the undermining of British agricultural interests.

But as other peoples have been dazzled by distant riches and the dream of national enrichment by forcing trade with foreign peoples so it seems that a goodly part of our people are now dazzled. So we are urged to hold the Philippines as an entering wedge to trade expansion in the east, so we are told that unless we pursue the role of territorial expansion the possibilities of trade expansion will be closed to us. China, we are told, is on the verge of dissolution, of absorption by foreign nations who will be likely to

respectively foster their own trade by discriminating against American and other goods. So it is said we would be shut off from trade expansion by discriminating duties raised by our rivals, not only this, but that we would lose the market we already have. We exported in 1897 to China and Hong Kong \$16,258,094 worth of produce and this market we are told will be closed to us unless we join hands with England to uphold the Chinese Empire that we may exploit it together and grow rich out of its exploitation.

Now our exports of \$16,000,000 to China seem small beside the total figure of our exports for the year of over \$1,200,000,000, but it is a fact that our exports to China are nearly one-half as large as the exports of Great Britain, and that the imports into China from the United States and Great Britain make up fully one-third of her total imports. Besides, a very considerable market is found in China for British Indian produce. Consequently, small as our interest is as compared to our whole trade it is quite large proportionately to the trade with China. And so it is said that our interest is to annex the Philippines and by the display and if need be use of militant force join hands with Britain to prevent the disruption of China. This policy is all urged upon us as the path to trade expansion. To trade expansion territorial expansion is, it is said, the stepping stone and so the insistent demand for the annexation of the Philippines, a demand springing not from any sense of duty to the people of those islands, but from pure commercial selfishness.

Now we do not believe that the disruption of China is impending. We are inclined to believe that the mutual jealousies of the powers of Europe will prevent, that unable to agree upon a division of the spoils no division can take place. And so we are disposed to consider this argument put forth by our territorial

expansionists, by those who demand territorial expansion as a means to self and national enrichment by the despoilment of other peoples, as more of a bugbear than anything else. But suppose we grant that to keep open the markets of China we must join England in a display of militant strength and inaugurate that display by taking the Philippines and mobilizing a powerful fleet in eastern waters. If we grant this, the question to decide is this: Is it worth our while? And as the gain to be had is purely commercial, we may as well proceed to consider it in a purely commercial spirit.

To begin with, we may as well state that the total foreign trade of China in 1895, was \$245,700,000, and in 1896, \$260,208,000, and that in the latter year, \$158,301,000, consisted of import trade. That is, China made a market in 1896 for \$158,000,000 worth of foreign goods. This is a strikingly small trade for a nation of perhaps 400,000,000 of people. Indeed, it is so small as compared to our domestic trade as to be hardly worth consideration. As it amounts to not more than $2\frac{1}{2}$ per cent. of our domestic trade we should take just forty times the pains to conserve our domestic trade as to capture this China trade. And then we cannot hope to capture the whole of this China trade. If we join hands with England to keep it open, surely England will want some of it. True, it may be well urged that under joint British and American exploitation the market would expand. But we are not at all certain of this. India, with a population two-thirds as great as China and under British rule, only makes a market for about \$225,000,000 worth of produce a year, of which about \$150,000,000 is British.

So if we take past experience for our guide we cannot look for any enormous expansion of the markets for foreign goods in China. Bear also in mind that in

Japan we would find a powerful competitor for the Chinese markets. For several years the exports of Japan to China have increased greatly, while the exports of the United States and Great Britain have, in the aggregate, hardly held their own. The great gain of Japanese exports to China has been coincident with the fall in exchange consequent upon the decline in the gold value of silver. The result of such fall was to make greater the silver cost of everything bought from gold-using countries and for which the same gold price was asked. Consequently, the cost in China of goods bought from England and America was increased with every fall in exchange unless gold prices were cut proportionately with such fall. But not so with Japanese goods produced on a silver basis. The Japanese manufacturer of cotton yarns, etc., with fixed charges payable in silver and wages payable in silver, found the silver costs of production in no way increased by the fall in the gold price of silver, and so could afford to sell for the same price in silver, despite the fall in the gold value of silver. Consequently, he found it easy to undersell his English and American competitors. Industry in Japan was greatly stimulated, and by and by wages rose, but with the increased production came economies that made it possible to still turn out goods at about the same cost.

And what was true of the Japanese manufacturer was true also of the manufacturer located in China, and in much larger measure since the abandonment of the silver basis by Japan a year ago. Since such abandonment, fall in exchange in China on gold-using countries, of which Japan is now one, has, the Japanese price remaining unchanged, increased the cost to the Chinese of Japanese goods. Hence, fresh stimulus to Chinese manufacturing, the producer in China being protected by the fall in exchange much as he

would by a protective tariff for such fall necessitates the asking of a higher price to net the same price to the Japanese manufacturer just as would the collection of a tariff duty.

So it is in no way surprising that the market for Japanese goods in China has expanded, while the market for British and American goods has stood still, nor is it surprising that manufactories for the fabrication of yarns and cotton goods formerly brought from abroad have been established to a very considerable extent in China. But though the imports into China from the United States and Britain have not increased during the last fifteen years it is a fact worthy of remark that the proportion of the trade held by the United States has very greatly increased. Thus in 1881 the total imports into China from Britain and the United States were about \$58,000,000 and in 1897 about \$53,000,000. But in the first year the proportions were Britain, \$50,000,000, United States, \$8,000,000; in the latter \$35,000,000 and \$18,000,000. This is the highest figure ever attained for exports of the United States to China and Hong Kong. In the fiscal year, 1897, our exports fell to \$16,358,094. It is not to be hastily concluded from this decline, however, that the American export trade to China has reached a final turning point, for a glance at the trade returns shows that exportations from America to China direct and to China through Hong Kong have fluctuated very greatly from year to year.

Still there is little reason to look for any great expansion of the Chinese markets for American or British or any other foreign goods. Nor is there any reasonable probability that such expansion can be forced by a display of militant force such as may be depended upon to secure the opening of more ports to foreign commerce or by the absorption of China by the sundry

nations seeking after trade expansion in territorial extension.

China is beyond a doubt a country of unsurpassed natural resources. It is also unquestioned that those resources remain undeveloped. There are anthracite coal fields undoubtedly more extensive and apparently richer than the anthracite fields of Pennsylvania, there are bituminous fields that can be paralleled, if at all, only by our own, there are rich iron deposits in close proximity to the coal such as promise the production of iron and steel, of iron and steel for China's development, at prices at which American and British and German iron masters cannot hope to lay down iron and steel in China, there is in the immense Yangtse Valley, a valley paralleled by the Mississippi, only that it runs in an opposite direction, between degrees of latitude rather than longitude, an area suited to cotton culture that rivals if it does not surpass our own, and withal a country teeming with a laborious population, a population as bidable as it is industrious and teeming, and such as insures the development of all China's great and nascent resources, a development that will be appalling in its rapidity to the rest of the world, the moment the path is paved for the entrance of Americans and Europeans to give direction. And those Americans and Europeans who thus expatriate themselves will doubtless have opportunities to richly recompense themselves, some have the opportunities and keenness to amass great fortunes. But they will do so not by developing trade with China but trade within China.

This is a point that we would impress. China is a country of unsurpassed productive capacity, but not, at present, of great consumptive capacity. And that consumptive capacity cannot grow until her productive capacity grows, save so far as Europeans and Ameri-

cans, anticipating the future, may loan capital to China, giving steel rails and locomotives and machinery in return for bonds, or so far as Chinese with hoarded gold and silver, also anticipating the future, may part with such metal and spend it to bring productive capital, such as we have already mentioned, from abroad. But such importation of material can be but of a temporary nature, for China has within herself the means to develop herself, all the means but that energy possessed of the Western nations and needed to give direction to the immeasurable resources of her people. And that energy she must import. She will have occasion, in her development, to import but little else.

Of course, as her resources are developed and the productive capacity of her people increases, so will the consumptive capacity. As her people produce more wealth they will consume more wealth, but there is no reason to believe that they will buy largely of foreign peoples. They will indeed consume more goods, but they will be in position to fill their own wants. Their consumptive capacity will only increase with their productive capacity, and there is every reason to believe that they can and will make everything they want and at less cost than other peoples can make and deliver such goods to them. Consequently they will buy of themselves, not of others.

So we need not look to China for a great market for our products. When the development of China comes, whether it comes as an empire, or a divided people under the tutelage of others and as come soon it must, Chinamen will supply their own markets. Chinese rail mills will roll the rails for Chinese railroads, Chinese manufactories will make the cloth to clothe Chinese backs. In other words, China will become no more dependent than she is now. She will be self-sustain-

ing, capable of making practically all that her people consume cheaper than others can supply them, and so making and not importing, China, developed, will be an agricultural and mining and manufacturing country, not an importing. The prime question for the people of the rest of the world will not be whether they may manufacture to clothe the backs of the Chinese, but whether the awakened Chinese may not clothe the backs of others.

So territorial expansion or no territorial expansion, we need not count on extending our exports to China. We produce nothing that China does not or cannot produce, not even petroleum. And on her part she can produce little that we do not and may want, save silk and tea. And as both countries are blessed with natural resources unsurpassed the people of each country can, in the natural order of things, make that which they want at a less labor cost than either can import from the other. Consequently there is no room for a great and advantageous trade to spring up between them. True, because of a lower scale of living, Chinese may produce goods for a smaller money cost than we can, but for us to purchase such goods would be simply to reduce our own people to the Chinese level, and so importations of such goods we cannot permit if we would have a regard for our own interests. And we may add that not buying more largely from China, China cannot buy more largely from us.

So we repeat there is little to be looked for in the direction of finding increased and sustained markets for our produce in China. There are countries that we may rightly expect to buy more of our products, and those are the countries supplying products of a kind we do not and cannot profitably produce, and hence must import. And those are countries lying in

different latitudes than our own and China is not one of them. And to this requirement of different latitude we may add the requirement of the same general longitude. This is for the reason that it is cheaper to buy from near markets than remote markets, cheaper to buy from the West Indies lying at our doors than from the East Indies, cheaper to buy our coffee from Brazil than from Java, the tropical products we consume from Cuba than from the Philippines. And cheaper we say it is however much cheaper may be the money cost of producing in the Philippines or Java than in the West Indies. Where natural conditions of production are equal, where the labor costs of production in the West and East Indies are the same, where the labor costs of transporting to our markets are obviously less from the West Indies than from the East, it is to our interest to buy from the West, from our neighbors. If we buy under such conditions from the East Indies we simply waste labor in transportation, and though we may fill our needs at less money outlay we by the same act restrict the markets for our products, force the sale of what our own people make for less money, and so cheapen labor with the result that nothing is gained, something lost.

What we need to extend our foreign trade in profitable directions is not territorial expansion, but a customs union with all the Americas.

As to the Philippines they lie not in the path of what for us is true trade expansion. If they produced products that could not be raised as advantageously nearer home it would be to our interest to buy from them. But of such products we are aware of only one, the far-famed Manila hemp, which, by the way, is not a hemp at all, but the fiber of an unedible variety of banana which it has so far been found impossible to successfully grow outside of the Philippines. So outside of trade in this Manila hemp we

can only expand our trade with the Philippines at the expense of our trade with the West Indies and South America, which, by its nature, must be most advantageous, and therefore artificial stimulus to trade with the Philippines, such as annexation would be calculated to bring, ought to be discountenanced, for it would turn trade into unnatural channels, keep it out of the most profitable.

Finally we would remark that we can find greater profit by striving to remove the incubus of low prices that narrows our domestic markets than by seeking to extend our markets in China or elsewhere through territorial expansion; find greater profit in domestic trade expansion than in foreign trade expansion. The whole Chinese market for foreign produce does not more than equal one-fortieth part of the market in our country. And our own market is little if any more than half as broad as it ought to be and would be under just laws governing the production and distribution of wealth. Because the productive power of our people is seriously curtailed by unjust laws that deprive men of equal opportunities, that deny to men the enjoyment of the fruits of their toil, and so undermine men's energy, paralyze business and destroy the opportunity to work, the consuming capacity of our people is much restricted. By changing the unjust for the just, insuring to all men equal opportunities and the right to enjoy the fruits of their labor, we can remove the paralysis of industry and so the restriction on consumption, and thereby make an extended market for products by the side of which any foreign market would pale into insignificance. Again, we repeat, the true road to trade extension is not wrapt up with territorial expansion. That true road runs largely in our own domain, and when it runs abroad it runs along the lines of a customs union with all the Americas.

The Great Issues

WILFRED BAKER



